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LEGISLATIVE HISTORY

Public Law 70---78th Congress

Chapter 122--1st Session

H. R. 2753

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DIGEST OF PUBLIC LAW 70

DEFENSE AID (LEND-LEASE) SUPPLEMENTAL APPROPRIATION ACT, 1943. Appropriates additional lend-lease funds, including (according to the House Committee report) $2,694,531,600 for the food program and $16,642,320 for agricultural implement program. Prohibits the use of this appropriation for subsidies on farm commodities produced in the U. S.

Summary and Index of History on H. R. 2753.

May 4, 1943	Hearings: House, H. R. 2753.
May 20, 1943	House Committee on Appropriations submitted H. R. 2753. Print of bill as sumbitted.
May 21, 1943	House Committee on Appropriations submitted H. Rept. 464. Print of bill as reported to House. Debated and passed House with amendments.
May 24, 1943	Referred to Senate Appropriations Committee. Print of bill as referred to Committee.
	Hearings: Senate, H. R. 2753.
May 26, 1943	Reported by Senate Committee with amendment. S. Rept. 265. Print of bill as reported.
June 3, 1943	Debated and passed Senate with amendments. Print of bill with Senate amendments numbered. Senate asked for conference, and appointed Senate Conferees.
June 9, 1943	House Conferees appointed.
June 10, 1943	House agreed to Conference Report. H. Rept. 537.
June 11, 1943	Senate agreed to Conference Report.
June 14, 1943	Approved. Public Law 70.

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tables

DEFENSE AID (LEND-LEASE) SUPPLEMENTAL APPROPRIATION BILL, 1943

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HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

SEVENTY-EIGHTH CONGRESS

FIRST SESSION

ON THE

DEFENSE AID (LEND-LEASE) SUPPLEMENTAL APPROPRIATION BILL, 1943

MAKING APPROPRIATIONS TO CARRY OUT AN ACT TO PROMOTE THE DEFENSE OF THE UNITED STATES (H. R. 1776—PUBLIC LAW NO. 11), APPROVED MARCH 11, 1941, AS AMENDED

Printed for the use of the Committee on Appropriations

FOR RELEASE WHEN

UNITED STATES
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WASHINGTON : 1943

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DEFENSE AID (LEND-LEASE) SUPPLEMENTAL APPROPRIATION BILL, 1943

HEARINGS CONDUCTED BY THE SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, IN CHARGE OF DEFICIENCY APPROPRIATIONS, MESSRS. CLARENCE CANNON (CHAIRMAN), CLIFTON A. WOODRUM, LOUIS LUDLOW, J. BUELL SNYDER, EMMET O'NEAL, LOUIS C. RABAUT, JED JOHNSON, JOHN TABER, RICHARD B. WIGGLESWORTH, WILLIAM P. LAMBERTSON, AND J. WILLIAM DITTER, ON THE DAYS FOLLOWING, NAMELY:

TUESDAY, MAY 4, 1943.

OFFICE OF LEND-LEASE ADMINISTRATION

STATEMENTS OF E. R. STETTINIUS, JR., ADMINISTRATOR; OSCAR S. COX, GENERAL COUNSEL; GEORGE W. BALL, ASSOCIATE GENERAL COUNSEL; JOHN ORCHARD, SENIOR ASSISTANT ADMINISTRATOR; JOSEPH M. JURAN, ASSISTANT ADMINISTRATOR; JOHN D. EAST, RESEARCH ASSISTANT TO ADMINISTRATOR; AND ALFRED E. DAVIDSON

ESTIMATES FOR THE FISCAL YEAR 1944

The CHAIRMAN. Gentlemen, the committee has before it House Document 179, a budget estimate requesting $6,423,629,000 for the coming fiscal year. The item is as follows:

DEFENSE AID

To enable the President, during the fiscal year 1944, through such departments or agencies of the Government as he may designate, further to carry out the provisions of an Act to Promote the Defense of the United States, approved March 11, 1941, as amended, and for each and every purpose incident to or necessary therefor, the following sums for the following respective purposes:

(a) For the procurement, by manufacture or otherwise, of defense articles, information, and services, for the government of any country whose defense the President deems vital to the defense of the United States, and the disposition thereof, including all necessary expenses in connection therewith, as follows:

Vessels, ships, boats, and other watercraft, including the hire or other temporary use thereof, and equipage, supplies, materials, spare parts, and accessories, $1,552,659,000.

Agricultural, industrial, and other commodities and articles, $4,602,623,000.

(b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith, $259,348,000.

(c) For administrative expenses, $8,999,000.

(d) In all, $6,423,629,000, to be immediately available.

(e) Each of the foregoing appropriations shall be additional to, and consolidated with, the appropriations for the same purposes, contained in the same respective categories of appropriation in the Defense Aid Supplemental Appropriation Act, 1941, the Defense Aid Supplemental Appropriation Act, 1942, and the Second Defense Aid Supplemental Appropriation Act, 1942, and the aforesaid appropriations are hereby continued and shall be available until June 30, 1944: *Provided*, That with the exception of the appropriation for "Administrative expenses", not to exceed 20 per centum of any of such appropriations may be transferred by the President to any other of such appropriations, but no such appropriation shall be increased more than 30 per centum thereby: *Provided, further*, That notwithstanding the foregoing proviso, (1) balances, unobligated as of April 30, 1943, and balances subsequently released from obligation, of appropriations contained in the foregoing acts for "Ordnance and ordnance stores, supplies, spare parts and materials, including armor and ammunition and components thereof", may be transferred by the President to and consolidated with the appropriation provided above for "Agricultural, industrial, and other commodities and articles", and (2) balances, unobligated as of April 30, 1943, and balances subsequently released from obligation, of appropriations contained in the foregoing acts for "Necessary services and expenses" may be transferred by the President to and consolidated with any of the appropriations provided above, except the appropriation for "Administrative expenses."

SEC. 2. Any defense article, information, or service procured from funds appropriated by this Act or prior acts appropriating funds to the President for the purpose of carrying out the provisions of said Act of March 11, 1941, as amended, shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby.

Fourth lend-lease appropriation—Statement of new funds requested

[Thousands of dollars]

Category	(1) Available funds as of Apr. 30, 1943 (before transfer)	(2) Requirements May 1, 1943, to June 30, 1944 (14 months)	(3) Available funds as of Apr. 30 1943 (after transfers)	(4) 1944 estimates available immediately
1. Ordnance and ordnance stores	335,407			
2. Aircraft and aeronautical material	114,403			
3. Tanks and other vehicles	99,208	58,162	58,162	
4. Vessels and other watercraft	127,002	1,679,661	127,002	1,552,659
5. Miscellaneous military equipment	12,141			
6. Production facilities in United States	8,190			
7. Agricultural and industrial commodities	963,720	6,077,530	1,474,907	4,602,623
8. Servicing and repair of ships, etc	19,952	279,300	19,952	259,348
9. Services and expenses	377,473	377,473	377,473	
10. Administrative expenses		8,999		8,999
Total	2,057,496	8,841,125	2,057,496	6,423,629

You have on hand, I believe, an estimated free balance as of May 1, 1943, of $2,057,496,000. So that you propose to obligate during the 14 months from May 1, 1943, to June 30, 1944, a total of $8,481,125,000.

INCLUSION IN ESTIMATES OF PROCUREMENT AND SERVICE ITEMS BUT NOT OF FINISHED MUNITIONS AND SHIPS

We have before us, Mr. Stettinius, a statement which you have prepared, covering the over-all aspects of lend-lease. Let me say to the committee that we will first hear Mr. Stettinius' statement without interruption.

This request, Mr. Stettinius, covers categories of lend-lease that do not deal with finished munitions, is that correct?

Mr. STETTINIUS. That is correct, Mr. Chairman.

The CHAIRMAN. The funds requested here are procurement and service items; is that correct?

Mr. STETTINIUS. The funds requested here are for food, industrial materials, and other essential items or services for lend-lease countries, other than finished munitions and ships that are transferred out of funds appropriated directly to the Army, the Navy, or the Maritime Commission.

The CHAIRMAN. I will say that we will later take up the details with the different procurement agencies. We expect to have with us the Secretary of Agriculture, the Director of Food Production, the Chairman of the Maritime Commission, the Chief of the Treasury Division of Procurement; and if there are other witnesses the committee wants to hear, such as the Petroleum Administrator or a representative from the Surgeon General's Office, on the subject of medical supplies, we will have them before us. Also, we will have Mr. Nelson, or someone else from the W. P. B., as to the feasibility of carrying out these requests.

GENERAL STATEMENT

Mr. Stettinius, we shall be glad to have your general statement at this time.

Mr. STETTINIUS. Mr. Chairman and gentlemen:

Before I start on my formal statement, I would like to call attention to the binders that we have prepared for each of the members. In the front of your binder, you will find a statement that I am about to read.

In the second section, under the heading of "Appropriation requests," you will find the fourth lend-lease appropriation statement of funds requested and the purposes for which they are intended, which are summarized in about seven pages and which I shall discuss in detail in my statement.

You will find a copy of the Report to the Seventy-eighth Congress on Lend-Lease Operations, a copy of the Eighth Lend-Lease Report, and many statistical exhibits and charts that I think will be of interest to you; and finally, the record of the hearings before the House Foreign Affairs Committee on the extension of the act, which I think you may want to refer to, as the matter of lend-lease operations was gone into very thoroughly at that time.

I should also like to call your attention to our lend-lease map behind me on the left, which shows at a glance the flow of goods to the principal lend-lease countries. The width of the bar indicates the cumulative volume of the tonnage that has moved, so that you can see at a glance, for instance, that the movement to Australia has been perhaps comparable to the movement to India, without getting into the matter of dollars or tons. At a glance, you can get a general impression of the volume of the movement.

I should be delighted to answer any questions as we go along.

The CHAIRMAN. We will not interrupt Mr. Stettinius until he has completed his statement. You may proceed, Mr. Stettinius.

Mr. STETTINIUS. Congress first passed the Lend-Lease Act as a measure essential to the defense of the United States 9 months before we were ourselves attacked. Eight weeks ago Congress extended the Lend-Lease Act.

PURPOSES AND GOALS OF LEND-LEASE PROGRAM

To win this war against ruthless and powerful foes requires that we call upon the total resources in men and materials of the United Nations. Congress has affirmed that Lend-Lease is an essential military instrument for accomplishing that objective.

Through lend-lease, American weapons are placed in the hands of those who use them against our enemies. Through lend-lease in reverse, American forces overseas are provided by our allies with the vital supplies that can be furnished on the spot. Through arrangements similar to lend-lease, our allies, particularly the United Kingdom and Canada, are also supplying munitions of war to other United Nations. These are not commercial transactions. No money changes hands. They are essential elements in a common military strategy of supply. Upon their success depends the fate of battles fought by United Nations forces around the world.

We are before you today to request an additional lend-lease appropriation for raw materials and industrial machinery and food and transportation. For nations waging coalition war on a global scale, winning the war involves more than finished planes, and tanks, and guns.

The United Nations are waging this war in factories in Detroit and Montreal, Liverpool and Moscow, Bombay, and Melbourne. We are waging this war on the cornfields of Iowa, the wheatlands of Manitoba, and the acres planted to potatoes on the parklands and golf courses of Kent. We are also fighting this war on barren places of Siberia now ploughed to crops for the first time in history, and in the cattle country of Australia where great herds are being raised to provide beef for American soldiers.

We are developing a combined military strategy. To carry out that strategy, we need also a combined strategy of steel and copper and aluminum and tin, of machine tools and trucks and tractors and gasoline, of flour and eggs and meat and milk. The three great arsenals of the United Nations are the United States, the British Commonwealth, and the Soviet Union. Together we are producing great quantities of planes and tanks and ships and guns. We are striving so to direct the flow of materials as to get the maximum possible combined output of what we need when and where we need it most. The end objective is to defeat the enemy. And just as United Nations war plants must have steel and lathes with which to turn out bombs and guns, so the men and women who work in them, and the fighting men who use the finished product against the enemy must have food to carry on the job.

These are essential factors of our combined war effort. The planes on the Russian front have no national exclusiveness. Although most of these planes were made in Russia, many of them were fabricated from American aluminum. Others were made in the United States, though the nickel in their armor plate came from Canada. Others still were made in England with the help of machine tools

from Bridgeport, Conn. The smashing of each Nazi pillbox by one of these planes is a blow struck for the United States and the other United Nations, as well as for Russia. The Nazis will not be able to use those guns and crews against us later. It is not important what national combination of materials and tools and skill and sweat went into the making of those planes. It is important that by our combined efforts the planes are there to do the job when they are needed.

We are providing lend-lease supplies and services to our allies for the effective waging of a war that is world-wide in strategy and total in its economic demands—and for no other purpose.

Mr. Chairman, I have a section here on the lend-lease program to date, which I think is important to the record, with certain exhibits and charts; in other words, an accounting of our stewardship for the past 2 years.

THE LEND-LEASE PROGRAM TO DATE

Congress has made lend-lease funds available in two different ways: (1) By appropriations to the President; and (2) by transfer authorizations in appropriations made directly to the War and Navy Departments and the Maritime Commission. Funds totaling $18,400,000,000 have been appropriated to the President in three separate appropriations since the passage of the Lend-Lease Act. The first two of these three appropriations provided funds for all types of lend-lease aid. Since Pearl Harbor, however, Congress has provided for the lend-lease needs of our allies for finished munitions and ships, as distinct from other lend-lease supplies, services, and information, through the provision of transfer authorizations up to a maximum amount of $35,970,000,000 in appropriations to the War and Navy Departments and the Maritime Commission.

Of the $18,400,000,000 so far appropriated by Congress to the President, approximately $14,500,000,000 were obligated as of April 30; $1,800,000,000 were unobligated, but committed; and $2,100,000,000 represented free funds.

Of the $14,500,000,000 obligated, $4,700,000,000 represents work in process and an inventory sufficient for approximately 2 months' shipments, and $9,800,000,000 is for lend-lease aid—goods transferred and services rendered. About $1,200,000,000 of additional lend-lease aid has been provided from appropriations made directly to the War and Navy Departments and the Maritime Commission for finished munitions and ships.

Lend-lease aid, accordingly, totaled $11,000,000,000 as of April 30 (April figures are estimated).

As shown by the next chart [indicating chart 2], $9,100,000,000 is the value of goods transferred to May 1, and $1,900,000,000 the value of services rendered. It also shows the amount of such aid provided by funds appropriated to the President and to the War and Navy Departments and the Maritime Commission.

Chart 3 [indicating] shows how the monthly volume of lend-lease aid has risen. It rose irregularly from very small beginnings to the present large monthly totals. The planning and appropriations and contracts of 1941 and early 1942 are now bearing fruit on the battle fronts of the war, just as the present planning of 1943 will clearly show its results late in 1943 and in 1944.

Gentlemen, I wish to call attention to a table in your binders which is secret, but very important.

The CHAIRMAN. Where is that found?

Mr. STETTINIUS. In the statistical exhibit section, item No. 13.

This table shows at a glance the value of aid rendered to each country or each theater by categories for the past 2 years, and if there is any member of the committee who would like to ask me for a supplementary explanation as to the details, I shall be glad to furnish such explanation.

Mr. TABER. This figure is not the same as the one you have just given us, $9,100,000,000; is it as of a different date?

Mr. STETTINIUS. Mr. Taber, these are exports only. The figures I gave you on the chart were total aid rendered. They included the servicing of ships and the construction of industrial facilities.

The CHAIRMAN. If you will proceed, Mr. Stettinius, and give us an over-all statement, we will take up the details later with you.

Mr. STETTINIUS. I think this is a table that, during the hearings, should be carefully studied by the members of the committee.

About 90 percent of all goods transferred have been sent abroad. Chart 4 [indicating] shows monthly exports of the principal categories of lend-lease supplies—munitions, industrial materials, and agricultural products. Munitions shipments in the second year of lend-lease were seven times the total of the first year. Shipments of industrial items were five times greater. Shipments of agricultural products more than doubled.

DISTRIBUTION OF LEND-LEASE EXPORTS

Chart 5 [indicating] shows lend-lease exports each month by principal theaters of operation—the United Kingdom, the Middle and Far East, and the Soviet Union. In the first year of the lend-lease program more than two-thirds of all shipments went to the United Kingdom, while in the second year only two-fifths went to the United Kingdom, nearly 30 percent to the Soviet Union, and the balance to other theaters of war. For the first 3 months of 1943 about one-third went to the U. S. S. R., a little more than one-third to the United Kingdom, and the rest to other war fronts.

We have sent to the Soviet Union under lend-lease more planes, tanks, and motor vehicles than to any other theater—45 percent of the planes, 44 percent of the tanks and 41 percent of the motor vehicles. Large numbers of planes have been sent to the great offensive bombing bases in the United Kingdom as well as to the Middle and Far East, but we have concentrated our shipments of tanks and trucks, other than those to the Soviet Union, on the fighting fronts in the Middle East and Africa and the Far East.

Until the beginning of this year most lend-lease food shipments went to the United Kingdom, where lend-lease food constitutes an essential 10 percent of Britain's food supply. This year, however, food shipments to Russia have already greatly increased. It is anticipated that in the future we may send more food to the Soviet Union than to the United Kingdom. We have also sent comparatively small quantities of food to North Africa and other areas.

Up to the present lend-lease supplies from the United States—important as they have been at critical times and in certain campaigns—have made up only a comparatively small part of the total weight of weapons, materials and food that the United Nations have used in action against the enemy. Up to now the larger number of men and weapons engaged against the Axis have been those of other United Nations.

This year the resources of the United States, both in men and materials, are making themselves felt with ever greater and more telling effect. But the part of our allies is not diminishing. The Soviet armies are not only holding the Nazis at bay, but are pushing them back. The men and women of China are carrying on their indomitable fight against our Japanese enemy. The British First and Eighth Armies are joined with the French and our forces in squeezing Rommel and Von Arnim out of Africa.

RECIPROCAL NATURE OF LEND-LEASE AID

At the same time, their lend-lease aid to us and to each other is rapidly increasing.

I hope some time during the hearings we shall have a chance to discuss thoroughly with you this whole question of reciprocal aid that I touch on only briefly in this statement.

Britain is matching our shipments of planes and tanks to the Soviet with the output of her own factories. Canada is undertaking to provide a second billion dollars' worth of supplies to the other United Nations without payment. In the United Kingdom, Australia, and New Zealand reciprocal aid for our forces has already mounted to very large proportions. In the British Isles virtually all supplies furnished from British sources to our troops are provided as reverse lend-lease. In addition, the British have built and turned over to us such facilities as airfields, barracks, and hospitals and they provide the transportation and other services our troops require without payment by us. In the last 6 months of 1942 we received a greater tonnage of supplies for our troops from the British as reverse lend-lease than we shipped from the United States to our forces in the United Kingdom.

In Australia and New Zealand we are receiving similar aid—including almost all the food for our troops there—as lend-lease in reverse. Aid is also being provided to our forces in North Africa, the Middle East, China, India, Iceland, the Fijis, and wherever else American forces are stationed on foreign soil.

This lend-lease aid to us has already saved us many hundreds of millions of dollars and millions of tons of shipping space. It is an increasingly vital contribution to the pooling of United Nations resources for victory.

STATUS OF NATIONS UNDER LEND-LEASE PROGRAM

The funds we are now requesting are for the 44 countries eligible for lend-lease aid as shown in the status of nations table in your binder.

That is a rather interesting exhibit, Mr. Chairman.

The CHAIRMAN. If there is no objection, we will include it in the record at this point.

(The matter referred to is as follows:)

Status of nations—lend-lease countries and United Nations—dates of signing of agreements

Country	Declared eligible for lend-lease aid	Lend-lease agreement signed	Reciprocal lend-lease agreement signed	United Nations declaration signed
Argentina	May 6, 1941			
Australia	Nov. 11, 1941	Feb. 23, 1942	Sept. 3, 1942	Jan. 1, 1942
Belgium	June 13, 1941	June 16, 1942	Jan. 30, 1943	Do.
Bolivia	May 6, 1941	Dec. 6, 1941		
Brazil	do	Mar. 3, 1942		Feb. 6, 1943
Canada	Nov. 11, 1941			Jan. 1, 1942
Chile	May 6, 1941	Mar. 2, 1943		
China	do	June 2, 1942		Jan. 1, 1942
Colombia	do	Mar. 17, 1942		
Costa Rica	do	Jan. 16, 1942		Jan. 1, 1942
Cuba	do	Nov. 7, 1941		Do.
Czechoslovakia	Jan. 5, 1942	July 11, 1942		Do.
Dominican Republic	May 6, 1941	Aug. 2, 1941		Do.
Ecuador		Apr. 6, 1942		
Egypt	Nov. 11, 1941			
El Salvador	May 6, 1941	Feb. 2, 1942		Jan. 1, 1942
Ethiopia	Dec. 7, 1942			Oct. 9, 1942
Fighting France	Nov. 11, 1941		Sept. 3, 1942	
Greece	Mar. 11, 1941	July 10, 1942		Jan. 1, 1942
Guatemala	May 6, 1941	Nov. 16, 1942		Do.
Haiti	do	Sept. 16, 1941		Do.
Honduras	do	Feb. 28, 1942		Do.
Iceland	July 1, 1941	Nov. 21, 1941		
India	Nov. 11, 1941			Jan. 1, 1942
Iran	Mar. 10, 1942			
Iraq	May 1, 1942			Jan. 16, 1943
Liberia	Mar. 10, 1942			
Luxemburg				Jan. 1, 1942
Mexico	May 6, 1941	Mar. 18, 1943		June 5, 1942
Netherlands	Aug. 21, 1941	July 8, 1942		Jan. 1, 1942
New Zealand	Nov. 11, 1941	Feb. 23, 1941	Sept. 3, 1942	Do.
Nicaragua	May 6, 1941	Oct. 16, 1941		Do.
Norway	June 4, 1941	July 11, 1942		Do.
Panama	May 6, 1941			Do.
Paraguay	do	Sept. 20, 1941		
Peru	do	Mar. 11, 1942		
Philippines				June 10, 1942
Poland	Aug. 28, 1941	July 1, 1942		Jan. 1, 1942
Saudi Arabia	Feb. 18, 1943			
South Africa	Nov. 11, 1941			Jan. 1, 1942
Turkey	Nov. 7, 1941			
United Kingdom	Mar. 11, 1941	Feb. 23, 1942	Sept. 3, 1942	Jan. 1, 1942
United States				Do.
U. S. S. R	Nov. 7, 1941	June 11, 1942		Do.
Uruguay	May 6, 1941	Jan. 13, 1942		
Venezuela	do	Mar. 18, 1942		
Yugoslavia	Nov. 11, 1941	July 24, 1942		Jan. 1, 1942

BUDGET FOR THE 14 MONTHS ENDING JUNE 30, 1944

The funds we are now requesting are for the 44 countries eligible for lend-lease aid as shown on the status of nations table. This budget is based upon a careful estimate of lend-lease requirements for the period ending June 30, 1944, for items other than those which are to be procured from appropriations to the War and Navy Departments or the Maritime Commission.

The total budget for these lend-lease requirements amounts to the gross figure of $8,481,125,000. Since we still have available $2,057,496,000 toward the procurement of these requirements a net amount of $6,423,629,000 of new funds is required.

REDUCTION IN REQUIREMENTS FOR LEND-LEASE

These statements as originally submitted listed requirements totaling in excess of $10,008,000,000. After the most detailed and exhaustive review and screening by the staff of the Lend-Lease Administration, these programs have been pared to their bare essentials—$8,095,000,000. They have been reduced by 19 percent in terms of dollars and more than 30 percent in terms of dry cargo tonnage.

The fact that we made such great reductions does not mean that the lend-lease countries requested items which they should not have and did not need. They did need the items, but the reductions were made by the Lend-Lease Administration in consultation with other agencies of this Government in the light of all of the relevant factors. These factors included competing needs, the present production and supply situation, the effect of certain items on our war and civilian economy, and transportation shortages.

Requirements for specific items as finally developed have been checked with the appropriate materials branches of the War Production Board, with the Department of Agriculture, and with the Petroleum Administration for War. There are furnished you copies of the letters from these agencies certifying that these requirements are reasonably capable of fulfillment in the light of the over-all supply and the competing needs.

These requirements programs have also been submitted to the War Shipping Administrator, who has certified by letter * * * that the programs are consistent with the probable shipping available during the next 14 months. The programs have been carefully checked with representatives of the War and Navy Departments to avoid duplication and overlapping and with the various agencies which will procure the items to insure that, from the standpoint of procurability, each item is reasonably capable of being obtained, so far as a 14-month program can be forecast.

(The letters referred to may be found on p. 186.)

REQUIREMENTS OF LEND-LEASE BY CATEGORIES

Chart 6 [indicating] and the following exhibit show the funds needed in each category to meet these requirements, and the free funds available in each category from previous appropriations.

Fourth lend-lease appropriation—Statement of new funds requested

[Thousands of dollars]

Category	Description	14-month program	Free funds	Free funds redistributed	New funds requested
1	Ordnance and ordnance stores		335,407		
2	Aircraft and aeronautical material		114,403		
3	Tanks and other vehicles	58,162	99,208	58,162	
4	Vessels and other watercraft	1,679,661	127,002	127,002	1,552,659
5	Miscellaneous military equipment		12,141		
6	Production facilities in United States		8,190		
7	Agricultural and industrial commodities	6,077,530	963,720	1,474,907	4,602,623
8	Servicing and repair of ships, etc	279,300	19,952	19,952	259,348
9	Services and expenses	377,473	377,473	377,473	
10	Administrative expenses	8,999			8,999
	Total	8,481,125	2,057,496	2,057,496	6,423,629

ORDNANCE AND ORDNANCE STORES

You will note in category 1 a balance remaining of $335,407,000 of free funds. Since the purpose of the funds in category 1 is the procurement of "ordnance and ordnance stores, supplies, spare parts and materials, including armor and ammunition and components thereof," this balance could now legally be used to procure such items as cartridge brass and other ordnance and ammunition components. But since lend-lease ordnance requirements are now procured out of appropriations made directly to the War and Navy Departments, we felt that the Congress and the public would have a clearer picture of lend-lease operations if there were included in the appropriation bill a provision transferring this balance to category 7. This will accordingly reduce the net amount required in category 7 for the procurement of industrial, agricultural, and other commodities.

AIRCRAFT AND AERONAUTICAL MATERIAL AND TANKS, ARMORED CARS, AUTOMOBILES, ETC.

You will note that we are asking for no new funds in category 2, for "aircraft and aeronautical material," or in category 3, for "tanks, armored cars, automobiles, trucks, and other automotive vehicles." We are, however, asking that $58,162,000 of the $99,208,000 remaining in category 3 be available for the coming fiscal year. In addition to military-type motor vehicles which are now being procured from appropriations to the War Department, our program calls for 12,832 civilian-type trucks for essential war transportation behind the lines.

One of the great supply lessons of this war has been the necessity for providing adequate spares and repair equipment. Most of the miscellaneous auto equipment and spare parts provided in the Budget, totaling $25,136,000 are being shipped where many American-type trucks, previously supplied, are now operating. The vast distances, undeveloped roads, and the rough terrain and deserts place a tremendous strain upon motor transport. In areas such as north Africa, it is essential to maintain motor transport as a necessary part of military supply.

VESSELS AND OTHER WATERCRAFT

Ocean transport is one of the most formidable problems of the war. Admiral Land will tell you about our shipping program in detail. He will tell you from a shipping point of view our program carries reasonable expectation of fulfillment, subject, of course, to limitations which may be imposed by military operations and other contingencies.

The major expenditure for shipping is for the rental and charter of vessels. This will amount to more than $1,400,000,000 for the budget period. Although Britain, of course, is using her own great fleet to the limit, shipping losses and the tremendous demands of the war for transportation have made it necessary for us to supplement her ships. The British do the same for us. Although I cannot give you precise figures, I can say that a large proportion of our troops are carried in British troopships and that the British are providing most of the ships on the convoys to North Africa.

SERVICING AND REPAIRS OF SHIPS, ETC.

We are requesting no funds in category 5 for "Miscellaneous military equipment, supplies and materials," or in category 6 for "facilities and equipment for the manufacture or production of defense

articles." In order to present an unbroken description of the funds we have requested for transportation purposes, I shall discuss briefly at this point the funds we have requested in category 8 for the servicing and repair of ships before proceeding with category 7.

With the funds in category 8 we provide shipping services for ships of lend-lease countries. Ships are tested, repaired, and defense installations made. The figure $279,300,000 for this item is, of course, an estimate, but Admiral Land will tell you that it is the best estimate we can make on the basis of past experience. In addition to testing, repairing, and reconditioning vessels for Great Britain, repairs will be made on ships of the Soviet Union, Norway, Fighting France, Greece, Poland, and other United Nations. Through lend-lease in reverse, hundreds of American ships have already been repaired and serviced in the shipyards of the British Isles, New Zealand Australia, India, South Africa, and the Middle East without payment on our part.

Similarly, under reciprocal aid, the Soviet Union and the various nations of the British Commnowealth provide food and other necessary supplies and services to our ships in their ports. We also supply and provision the ships of lend-lease countries in the United States and we have budgeted $183,000,000 for this purpose.

AGRICULTURAL IMPLEMENTS AND INDUSTRIAL COMMODITIES

More than two-thirds of this lend-lease budget is for food, agricultural equipment, and industrial commodities. These are the items included in category 7.

Food

The total cost of the food program is $2,694,531,600.

We send food because it is an instrument of war. We send food for the soldiers of our allies on the fighting fronts and for those on the production fronts behind the lines.

Our food program is the result of careful study of the comparative needs of the various United Nations. It takes into consideration their ability to obtain food from other sources, their particular diet deficiencies, and the transport available to get food to them. All of these factors have been considered in relation to our total supply and in relation to the needs of our own armed forces and our civilian population.

In close cooperation with foreign representatives and with our own food experts, we have prepared a program under which our food supplies may be allocated in the way which will most contribute to the fighting strength of this country and the other United Nations. This program has been approved by the Food Administrator in consultation with the Food Advisory Committee on which all interested Government agencies are represented.

The most serious deficiencies of the countries to which we are sending food under lend-lease are in proteins, vitamins, and fats. We are sending high-protein content foods such as cheese, powdered eggs, dried peas and beans, and meat, especially in canned and dehydrated form. We are also sending dried and evaporated milk, lard, margarine, and other vegetable oils, fruit juices, and other high-potency vitamin products. All of these foods pack high nutritive value in small shipping space.

We hope and expect to be able to ship the amounts of food provided for in this budget. They represent needs of our allies that have been pared to the bare essentials. How much we actually ship will, of course, be governed by the total food supply and shipping situations as they develop. The budget is our best estimate at the present time of what the lend-lease food program should be. But the program itself can and will be adapted at any time to meet new developments. We may find that we are not able to ship as much of some foods as we had planned. We may be able to ship more of other foods. Unexpected military operations may change the priorities on shipping space and reduce or increase at a particular time the amount we could otherwise send. Food as well as other commodities programmed now for delivery to one lend-lease claimant may in fact be delivered to others whose requirements subsequently assume greater urgency.

We cannot know with exact precision how much food we will ship in the coming months. We do know how much we sent last year and how much we have sent so far this year.

Lend-lease shipments of principal food items in relation to supply for 1942 and the first 3 months of 1943 are shown by percentages on the following table:

	1942	First 3 months, 1943
All meats (dressed weight basis)	5.0	7.7
Beef	.2	1.0
Veal	0	0
Lamb and mutton	.4	18.2
Pork	9.7	12.8
All milk products (fluid milk equivalent)	3.4	1.9
Dry whole milk	6.1	3.1
Dry skim milk	23.0	40.0
Condensed and evaporated milk	7.2	13.9
Butter	.7	.5
Cheese	23.1	4.6
Fats and oils	13.2	13.3
Eggs, dried (shell egg equivalent)	10.0	15.3
Fish, canned and frozen	7.1	12.9
Canned vegetables	.8	.7
Canned fruits and juices	1.7	1.2
Corn and corn products	.1	.1
Wheat and wheat products	.3	.4
Dried beans	5.0	16.8
Dried peas	6.0	10.8
Dried fruit	15.7	21.8

Our allies are also providing us with large quantities of food as reciprocal aid. Australia and New Zealand are furnishing large amounts of food for our forces there and have expanded their canning and dehydrating facilities in order to provide rations for American troops in the Solomons, New Guinea, and other islands of the south and southwest Pacific theaters. This year Australia and New Zealand expect to provide our forces with more meat per capita of their population than we expect to ship to all lend-lease countries in proportion to our population. They plan to provide us with large percentages of their total production of canned corn, other canned vegetables, canned meats and fresh meats, and fresh vegetables, besides great quantities of other foods.

The United Kingdom, although short of food, has agreed to furnish our troops there in 1943 with several hundred million pounds of potatoes, flour, and other foods that can be raised on British soil.

These are the broad outlines of our lend-lease food program and of reciprocal aid in food. I shall now discuss the principal food items which we propose to ship.

Grains and cereal products, costing $364,000,000, make up the greatest tonnage of the various categories. We are providing for wheat flour and wheat products for the Soviet Union. We are also providing funds to meet the minimum needs likely to be requested in liberated areas to support our military operations, and small additional amounts for French Africa. In addition to wheat and wheat products, we are providing for much smaller quantities of other cereals, such as soybean products, corn, oats, barley, and rice. The budget includes provision for seeds to increase production of foods in other United Nations and in liberated areas for the use of our forces and our allies. No wheat or wheat flour is provided for the United Kingdom, whose import requirements are being met principally by Canada.

The budget figure for dairy products is $234,291,000. These consist principally of evaporated milk, dried skim and dried whole milk and cheese. The evaporated milk is to be shipped for use by the armed forces and for emergency feeding. Dried skim milk is shipped both for the use of the British and Soviet armed forces and to provide a supplement to the scanty supplies of fresh milk in the United Kingdom. Dried milk is rationed in Britain at the rate of 1 ounce per person per week. Most of the cheese is for the United Kingdom, where it provides proteins to supplement the very restricted rations of meat and other protein foods.

We have included in the budget provision for shipment of 60,000 tons of butter—all for the Soviet Army. This is given principally to wounded soldiers in military hospitals. It will constitute only a very small percentage of estimated total United States butter production during this period, even if we are able to ship all that we plan. Up to the present, we have actually shipped to Russia less than 1 percent of our butter supply.

We are providing for $410,310,000 worth of dried eggs for Russia and for the United Kingdom. Dried eggs are rationed in England at a rate equivalent to one and one-half eggs per person per week. This dried egg ration supplements the ration of fresh eggs which varies from one egg a month to a maximum of five eggs a month per person.

This, gentlemen, is a dried egg pressed pack, of three dozen eggs.

Mr. TABER. About what will that weigh—that pack of three dozen eggs?

Mr. STETTINIUS. I do not know, sir.

Mr. HENDRICKSON. A 30-dozen case of eggs which weighs about 45 pounds is reduced to about 9½ pounds, in that form.

Mr. TABER. About one-third?

Mr. HENDRICKSON. Less than one-third.

Mr. STETTINIUS. The lend-lease program for meat and fish is budgeted for $1,061,616,000. Although dairy products and some other foods help to make up the protein deficiencies of our allies, meat necessarily is of great importance. Canned, smoked, and salted pork products are the principal meats supplied to the Soviet Army. Canned and cured pork will also be the major items for the United Kingdom, although considerable quantities of frozen pork carcasses and manufacturing meat are also budgeted, together with some lamb and mutton. Both Russia and the United Kingdom are to get a small amount of beef, mostly canned or in the form of rations.

Civilians in Great Britain are permitted a ration of only 4 ounces of ham or bacon plus 20 cents worth of fresh and frozen meat a week and only 14 cents worth in the case of children. Canned meats are on the points ration and the point values are high. The British have substantially less meat to eat than we have.

Lard, fats, and oils constitute $281,777,000 of the food budget. There is an acute shortage of fats and oils in Russia where they are vitally needed as energy-producing foods for Soviet forces, who fight for many months of the year in subzero winter weather.

Lard will constitute all but * * * tons of the fats and oils provided in the budget for the United Kingdom. In Britain very severe controls have been imposed on the consumption of fats and oils. For example, the butter ration is less than 2 ounces per person per week, which is much less than ours. I have been there and studied lend-lease operations in detail, gentlemen, and I should be glad to answer any questions that you might have on lend-lease affairs in the United Kingdom.

Fruits and vegetables, principally in dried and dehydrated form, constitute $169,202,000 of the food program. In terms of dollars, the principal item in this category is $56,113,000 for dehydrated vegetables. These include dehydrated potatoes, carrots, beets, and soup which will save vital shipping space on the long shipping routes to Russia. In terms of tonnage, the most important items are dried peas and beans, and dried fruits. Most of the dried peas and beans will be shipped to Russia, while the dried fruits are principally for the United Kingdom. Dried peas and beans are important substitutes for meat. They have high protein value, are economical of shipping space and store well.

Canned fruits and vegetables are a small part of the program for this category of foodstuffs.

The CHAIRMAN. Mr. Stettinius, you may continue your statement.

Mr. STETTINIUS. Mr. Chairman, before I proceed with the prepared statement, I should like to distribute to the members of the committee a one-page outline that I have prepared of why we are asking for additional funds, which gives at a glance many of the essential facts and figures that I believe the members of the committee would like to have before them for reference purposes.

You will recall that when we left off I was about to discuss agricultural implements.

Agricultural implements

An integral part of the lend-lease budget is our agricultural implements program, which amounts to $16,642,320. This constitutes approximately 3 percent of the estimated United States production for the period. Less than $12,000,000 of the total is for new equipment. The balance is for spare parts. These figures are small, both in dollars and in terms of our supply, and they represent the most careful examination of all the factors involved in the shortage of farm machinery throughout the United Nations resulting from our combined war-production program.

Every ton of agricultural machinery which is exported means a substantial saving in shipping space. It means that nations nearer the fighting fronts can produce food for their own soldiers and workmen as well as for our soldiers—food which would otherwise have to be shipped overseas to them.

This morning's New York Times carried an article on the financial page entitled, "War Production Plans to Cease Farm Machinery Curb." When the War Production representative appears before the committee you may wish to ask his views as to the future plans for the production of agricultural machinery.

(Discussion off the record.)

Mr. STETTINIUS. Before the war, the United Kingdom produced only 40 percent of its own food. With the aid of farm machinery from the United States and by means of strict rationing at levels considerably lower than our own, the United Kingdom has become 60 percent self-sufficient in food. In order to step up agricultural production even further, marshes are being drained and other land heretofore thought useless for agricultural purposes is being made to produce food. All this requires agricultural machinery to perform the heavy tasks of putting new ground into production and to make up for a shortage of manpower even more severe than our own. In this great effort, farm machinery is being worked round-the-clock. By means of nation-wide pooling, farm tractors are being used more than twice as intensively as in the United States. Spare parts must be supplied; equipment which is worn out must be replaced. All lend-lease farm machinery sent to the United Kingdom is utilized in accordance with carefully prepared production plans of the British Government.

As more and more fighting men are collected in the western European theater of war, the food-supply problem will become more and more difficult. North Africa is an important potential source of food for the United Nations' armies in this theater and for the peoples of Europe when they are liberated from the Axis. North Africa has always in the past supplied large quantities of grains and vegetables to Europe, but as a result of Nazi domination it cannot now produce enough food even for itself. We hope to reconstitute north African food production as quickly as possible. This can be done only by exporting small amounts of agricultural machinery and spare parts from the United States to that area, because its former European sources of supply are now, of course, cut off. It is significant that immediately after our occupation of north Africa, General Eisenhower cabled that farm machinery should be included among urgently needed civilian requirements as a "must item."

Agricultural equipment sent to the United Kingdom and to north Africa constitutes an essential war investment. It will return dividends in food on the spot for our soldiers and the soldiers of other United Nations and for the starving peoples of Europe. It will return also important dividends in the form of the shipping space made available for all the other urgent necessities of war supply.

In the Pacific area, agricultural equipment is scheduled for Australia and New Zealand. Both of these countries are undertaking a great expansion of food production at a time when they face a serious manpower problem. New Zealand, in particular, has always been forced to rely to a large extent on mechanized agriculture in order to make up for a shortage of manpower. Australia has converted its productive capacity for agricultural machinery to war purposes and the United States alone is able to supply the needed equipment. Both of these

nations must expand their food production in order to care for the needs of our soldiers under reverse lend-lease and to supply the large volumes of food which are required for military purposes in the Middle East and in Africa. In the Pacific as in Europe, lend-lease exports of agricultural machinery represent important savings of shipping space by making possible the production of food for United Nations' needs near the battle fronts themselves.

Industrial commodities

We cannot by any possibility supply all of the arms, planes, and other war materials needed by our allies. We can, however, in many instances supply our allies with machine tools and raw materials with which they can maintain or increase their own production of the finished instruments of war.

The budget for the industrial supplies program is $3,275,498,230. The budget provides for the United Kingdom certain vitally needed tools and machines as well as replacement parts. By and large, however, the industrial items going to the United Kingdom are raw materials for the great quantities of planes, tanks and guns produced in British factories, and gasoline and oil to fuel the R. A. F. and American Air Forces in their bombing raids on Europe, and the fighting ships and transports on the convoy routes. Certain materials, such as copper and aluminum, are obtained by Great Britain principally from other parts of the Empire so that only relatively small amounts need be supplied from the United States. But Britain's sources of other items, such as iron and steel and petroleum products, can only be supplemented by large shipments from this country.

Until several months after our own entrance into the war Great Britain produced more munitions than the United States. The British have shipped as many planes and tanks to Russia as we have. Britain is a major arsenal of democracy not only for herself and us, but for many of the other United Nations, and one which is immediately behind the fighting lines. Fighter planes produced there go instantly into battle, manned by crews of the United Nations. Bombs manufactured there go directly from the factories to the planes which drop them on Axis industrial centers. The munitions produced there can be supplied quickly to the invading armies when we attack the continent. It is to keep this arsenal functioning at maximum efficiency that we are exporting industrial supplies to the United Kingdom.

The Soviet Union requires important amounts of industrial equipment as well as raw materials. Many of the great manufacturing areas of Russia have been overrun by the enemy. Although the Soviet succeeded in removing large amounts of machinery to the industrial areas in the Urals, much was lost. This was particularly true of hydroelectric power plants, which could only be kept out of Nazi hands by destroying them. An important part of the Soviet budget is for machine tools and electrical equipment for Soviet war production. Some of this is in the form of power plants to be used to operate factories safely behind the lines. Some of it is in the form of portable generators which can be moved forward into reconquered areas behind advancing Soviet forces.

Another large item in the Soviet program is for road-building and railroad equipment. Goods arriving in Russia by the North Cape route, by the Persian Gulf or by the Pacific must travel thousands of miles from the ports of entry to the fighting lines. The railroads and roads within Russia itself are overtaxed. I can give you an example of the way in which a comparatively small lend-lease transfer can be invaluable aid in this field. Many railroads in Russia are single-track and attempts to increase the volume of traffic without modern signal systems lead only to accidents and breakdowns. This type of lend-lease aid will mean a vastly more efficient use of existing railroad equipment.

I should like to comment, Mr. Chairman, that in passing upon requests for industrial installations, whether from the Soviet Union or from any other lend-lease country, we are very careful to ascertain that the facilities are of a kind which will definitely contribute to winning the war and which will be in production in time to be of benefit in the war.

In addition to industrial machinery and equipment, the budget for Russia includes iron and steel and important amounts of copper, brass, aluminum and other materials for Soviet munitions production.

The budget provides $162,010,000 for tires and tubes for military trucks and other essential war transport. Almost all of these are for the Soviet Army and other United Nations forces in the Middle East, India, and East Africa. Tires are also programmed for trucks in China and north Africa.

The other industrial equipment and raw materials sent for use in the European battle theater go largely to French Africa. Road-building equipment is being provided for north Africa to improve communications vitally necessary now in the Tunisian campaign. Critical raw materials such as manganese, cobalt, and phosphate, as well as food, are already being obtained from north Africa with the aid of lend-lease equipment. We are planning to send textiles and clothing for the minimum needs of north and west Africa and Tunisia. However, our lend-lease shipments of all commodities to this area are only a fraction of its pre-war imports.

Industrial supplies will also go to French Equatorial Africa. Railroad equipment is being sent there, for instance, to be used in carrying military supplies and for bringing strategic war materials from the interior to the coast.

In the Pacific and Asiatic areas, industrial equipment and supplies are going to China, India, Australia, and New Zealand. The arsenals of China are still producing arms and ammunition for the Chinese armies. The small amounts of industrial supplies we are now able to send into China do no more than enable the Chinese arsenals to keep going at a low level of production. Really effective aid can be given only when other communications are reestablished. We must have supplies ready and waiting when this happens.

The industrial supplies program for China includes machinery, iron and steel, copper, chemicals, and other items which will make possible greatly increased production of munitions in the Chinese munitions factories. We must also supply gasoline and lubricants to China for her vital internal transportation needs so that these industrial materials may be transported to the factories where they can be turned into finished munitions and then carried from the factories to the fighting fronts.

Until additional routes into China can be opened, India and Australia must serve as the principal United Nations arsenals in the Asiatic theater. India is a more highly industrialized nation than is generally recognized. The largest steel mill in the British Empire is located there. There are facilities for the manufacture of most types of munitions. We are supplying India with road-building equipment, electrical equipment, machine tools, steel, and other raw materials so that her war production may be increased to supply the coming military operations against Japan.

Australia is an important source of munitions in the Pacific. Many items can be produced there for the use of our forces as well as her own. As in the case of India, we are supplying those critical items which Australia cannot otherwise obtain so that her war production may go forward with the greatest possible rapidity. We plan to send there, for example, ball, roller, and taper bearings for use in the manufacture of various types of munitions and armament for the Pacific offensives. We are providing for steel and aluminum for Australian munitions and aviation factories, electrical equipment to furnish power, and other equipment and materials.

We must also continue to supply petroleum products to Australia and New Zealand in the Pacific area, whose sources of supply in the East Indies have been captured by the enemy.

The lend-lease program of industrial supplies is keyed to filling critical deficits. In many cases small additional amounts of certain types of machinery and certain vital raw materials can increase production manyfold. Lend-lease shipments which make up these deficits have and will return big dividends in increased production of munitions for the United Nations pool.

SERVICES AND EXPENSES

In addition to the foregoing categories in which funds are requested for specific purposes there is category 9. We are not requesting the appropriation of any new funds for this category, but we are asking that the free funds remaining as of May 1, 1943, be available for a variety of necessary services and expenses. We know as a result of past experience that funds will be required for certain purposes, although we are not able to predict or budget the precise amount which will be necessary in view of the shifting circumstances of the war and changing war production conditions. Thus a substantial sum may be necessary to defray the cost of warehousing lend-lease goods which are on their way from factory to shipside. The amount required for this purpose will depend to a large degree upon the availability of shipping and the domestic transportation situation. Funds will be required by the War Shipping Administration for the salvaging of ships which are disabled or sunk as a result of enemy action or accident. It is our intention to finance new dehydration and compression plants in order to conserve shipping space, but the war materials, industrial equipment, and manpower shortages at this time do not permit us to foresee with precision the exact extent of this program. As I have told you, lend-lease maintains relatively small missions in various parts of the world. As the area of military operations expands it will probably be necessary for additional missions to be established. In each of these cases it is certain that funds will be required, although we cannot even approximate the amounts.

A major contingency of which Lend-Lease must take account is the expanding demand for vital supplies which will accompany allied victories. For example, in north Africa lend-lease goods have been supplied at the request of General Eisenhower to the civilian population behind the lines to prevent famine, plague, and disaffection which might endanger the communication lines of our Army.

In all activities with regard to liberated areas we are working in close cooperation with the Office of Foreign Relief and Rehabilitation Operations. In our budget we are providing in category 7 funds for the procurement of a minimum of certain types of medical supplies, food, clothing, and other necessities of life to be available to meet the emergency needs of the civilian populations in liberated areas as determined by military and political necessity. This program has been developed by the staff of the Office of Foreign Relief and Rehabilitation Operations and has been reviewed by Lend-Lease. The War Department has agreed that it is necessary to make provision for liberated areas. The articles and commodities acquired under this program will not be locked up in a warehouse unavailable for any other purpose. These items will rather represent a claim against a fungible and fluid stream of lend-lease procurement subject to diversion to meet more pressing demands of a military or domestic nature should they develop. Goods acquired under this program will be supplied to liberated areas as the military and political needs develop.

In addition to the specific program included in category 7 for liberated areas, the requirements of these areas constitute an important contingency which may require the expenditure of funds from category 9 to start the operations in liberated areas which will be necessary to back up and support our military forces. If the allied armies should invade, it might become a matter of the gravest military and political necessity that the needs of the civilian population be met, that arsenals destroyed by a retreating enemy army be restored to production for the United Nations, that public utilities be rebuilt to supply necessary services to our troops, that transportation systems to move military and essential supplies be put back into operation, that agricultural resources be restored to production, and that in general the liberated areas be enabled to make their own contribution in services, supplies, and troops to the ultimate victory over the Axis. This demand is difficult to predict either in time or scope since it must depend upon the uncertain events of war. But it is an eventuality for which we should be ready and it may constitute a very large claim on lend-lease funds.

In addition, events may occur which in a different way will require the expenditure of lend-lease funds. The capture of Tunisia and the opening of the Mediterranean to United Nations shipping may make available additional shipping for the carrying of lend-lease cargo. It may no longer be necessary to use the long route around the Cape of Good Hope to the Red Sea and the Middle East. If Burma is recaptured and the Burma Road reopened greatly increased supplies can be sent to China. Above all, if the submarine menace is brought under greater control, we shall have the shipping for vastly greater quantities of lend-lease materials and articles.

There are many other probable contingencies such as price rises and the replacement of cargoes lost as a result of bombing or torpedoing. Some of these, however, may not occur. Our contingency

reserve in this category is only large enough to cover a small portion of the many contingencies which may develop. On the other hand, it is certain that some of these events will occur, and funds will be necessary adequately to meet them.

The first eight categories make no allowances for contingencies of any kind, although supplies budgeted for any particular lend-lease claimant may be diverted for a more important strategic need. They do not include such normal contingencies as sinkings, losses due to defective or spoiled materials, increases in prices; or the many other contingencies which may occur. I believe it is asbolutely essential that, as an irreducible minimum, the funds presently available in this category be made available for the next 14 months. It is just as essential a part of our lend-lease program as any of the other items in our budget. It may well turn out to be more so.

Since we cannot anticipate what particular types of articles may be necessary we are requesting full authority to transfer funds from category nine to any other of the first eight categories.

ORGANIZATION OF LEND-LEASE ADMINISTRATION AND ITS RELATION WITH PARTICIPATING AGENCIES

Before discussing the funds which we are asking for administrative expenses I should like to describe briefly the way in which the Office of Lend-Lease Administration is organized and the manner in which various other agencies participate in the execution of the lend-lease program.

The Office of Lend-Lease Administration was created October 28, 1941, by Executive order and at that time I was named Administrator. The effect of this order was to entrust to the Lend-Lease Administrator substantially all of the powers given to the President under the Lend-Lease Act with the exception of lend-lease agreements, which are negotiated by the State Department.

The Lend-Lease Administration has from the first followed the policy of not duplicating functions that could be performed by other Government agencies. Thus, all lend-lease procurement is done by agencies already in the field—War, Navy, and Treasury Departments, the Department of Agriculture, the Maritime Commission, and the War Shipping Administration. This system has prevented duplication of personnel and has centralized lend-lease procurement with procurement for other United States Government purposes in the same agencies.

The Office of Lend-Lease Administration itself is a small compact organization of less than 600 employees, performing policy-making, supervisory, and coordinating functions. The two principal lend-lease functions are performed by the Foreign Liaison Division and the Operations Division.

The Foreign Liaison Division works with representatives of the lend-lease countries in formulating their requirements and thoroughly reviews and screens all lend-lease requisitions. The four principal geographical divisions are for the Soviet Union, the British Commonwealth, China, and other United Nations.

The Operations Division takes the lend-lease requisitions and estimates of future needs and develops them into broad programs of requirements. Programs for industrial items and raw materials are presented to the appropriate committees of the War Production

Board for allocation of the materials and equipment needed. The Requirements Committee of the War Production Board makes the final allocations as among the Army, Navy, Lend-Lease, and other claimant agencies. In the case of food, allocations are made by the Food Administration of the Department of Agriculture after consulting with the Food Advisory Committee, on which the Army, Navy, and Lend-Lease are among the agencies represented.

Allocation decisions of these committees take into consideration recommendations of the Combined Production and Resources Board, the Combined Raw Materials Board, and the Combined Food Board on the combined strategy to be followed in war production, in the distribution of strategic raw materials and food, in order to carry out the military strategy determined by the Combined Chiefs of Staff.

The Finance and Statistics Division of the Lend-Lease Administration keeps full centralized records of all expenditures for lend-lease purposes, both by country and by category. In addition, there are a Reciprocal Aid Division, a Reoccupation Division, and a Missions Division. There are about 120 lend-lease mission personnel in foreign countries. Most of them are in north Africa. Others are stationed in London, Moscow, and Chungking, and in Australia, New Zealand, India, Egypt, Turkey, and Iran.

ADMINISTRATIVE EXPENSES

To meet all lend-lease administrative expenses in the coming 14 months we are requesting $8,999,000 in new funds. This is about one-tenth of 1 percent of our total lend-lease budget, or about one dollar out of every thousand.

Most of the funds—$6,134,767 of the $8,999,000—requested are to take care of the administrative expenses incurred by the Treasury and Agriculture Departments and the other Government agencies operating on behalf of Lend-Lease. This amount will be divided approximately as follows: $1,590,000 for the Treasury Department; $3,358,600 for the Agriculture Department; $1,231,511 for the War Shipping Administration; and $433,548 for the Maritime Commission. As I have indicated, the Lend-Lease Administration has made it a policy to utilize the services of other agencies wherever possible, and to keep the lend-lease organization itself small and compact so that it can function effectively as a policy-making and coordinating agency.

Thus, the $2,864,233 requested for the Lend-Lease Administration is less than four one-hundredths of 1 percent of our entire budget, or 36 cents out of every thousand dollars. It is a matter of considerable pride to me that the Lend-Lease Administration has been operated with less than 600 employees, and we are not asking for funds to increase our personnel beyond the general level we are presently authorized to employ.

By keeping our organization small we have avoided many administrative difficulties. Our executive officers are able to spend most of their time on policy problems rather than on internal personnel and management problems. They know what goes on at the working level and they can make an order from the top effective at the bottom without delay. I do not mean to say that our organization cannot be improved. I believe, however, that our record of accomplishment is indicative of the quality of our staff.

CONCLUSION

Lend-lease aid is as much a part of our war effort as the attacks of our armed forces in north Africa and in the Pacific. The armies of the United Nations are shooting at a common enemy. The guns and ammunition which we supply our allies are used to attack an enemy as much ours as theirs. The bombs which our allies drop on Axis war plants destroy the production of arms which would be used against United States forces as well as against other allied forces. In some cases, we send the guns and ammunition, the planes and bombs. In some cases we supply the machinery and raw materials to manufacture these weapons. In some cases, we supply the food needed for the men who use these weapons and the workers who make them. The strategy of war supply dictates which course we shall follow. While our own forces attack our Axis enemies in some quarters, American arms, industrial materials, and food are used in the attack upon the enemy in other quarters. Lend-lease is an essential element in the strategy through which we have thus encircled the Axis.

The United States has been pictured by Hitler and his cohorts as a pluto-democracy whose people place the dollar above all else. But Congress in declaring war against the Axis Powers pledged all of the resources of the country to their defeat.

Our aim is to crush nazi-ism and fascism and to preserve freedom.

Our boys are freely giving their lives in the battle for freedom—in the mud, in the heat of the Tropics, and in numbing cold. I know that we behind the lines are prepared to supply all of our resources—every effort, every material thing, and every dollar needed for victory.

The CHAIRMAN. Is that the conclusion of your statement?

Mr. STETTINIUS. Yes, Mr. Chairman.

SUMMARY OF REASONS FOR ADDITIONAL FUNDS

The CHAIRMAN. Would you care to comment on that summary before we take up the examination?

Mr. STETTINIUS. This summary that I have placed before you gentlemen is an attempt on our part to reduce to one page a statement of why the office of Lend-Lease Administration is asking for additional funds.

The CHAIRMAN. It is a summary, then, of what you have already given us?

Mr. STETTINIUS. It is. I should be glad to put it in the record.

The CHAIRMAN. Without objection, we will include it in the record at this point.

(The summary is as follows:)

WHY WE ARE ASKING FOR ADDITIONAL FUNDS

1. Since March 1941 there has been appropriated to the President specifically for lend-lease purposes, a total of	$18, 400, 000, 000
2. By Apr. 30, 1943, we had placed contracts totaling $14,500,000,000 and an additional $1,800,000,000 had been committed for projects in process. Thus we had used a total of	16, 300, 000, 000
3. This left us with free funds amounting to	2, 100, 000, 000
4. For the next 14 months, from Apr. 30, 1943, through June 30, 1944, we estimate that our requirements will be	8, 500, 000, 000

5. We are therefore requesting new funds amounting to $6, 400, 000, 000

6. We are going to use this money to buy food, industrial materials and other essential items and services, for lend-lease countries. The amounts going to each will depend upon the strategical conditions when the goods are ready for delivery. The tentative break-down is as follows (excluding categories 9 and 10):

	Millions of dollars	Long tons	
		Dry cargo	Wet cargo
Russia	2, 500		
United Kingdom	4, 213		
Australia and New Zealand	228		
Other British	167		
India and China	252		
Other countries	637		
Total	8, 097	19, 400, 000	17, 800, 000

7. The money will be used in about the following proportions:

Shipping and other services		$2, 345, 000, 000
Agricultural products		2, 860, 000, 000
Industrial materials:		
Petroleum products	$752, 000, 000	
Iron and steel	713, 000, 000	
Nonferrous metals	392, 000, 000	
Machinery and equipment	504, 000, 000	
All other commodities	915, 000, 000	
Total		3, 276, 000, 000
Grand total		8, 481, 000, 000

Tonnage of agricultural products and industrial materials is as follows:

Dry cargo:	*Long tons*
Agricultural products	9, 000, 000
Industrial materials:	
Iron and steel	6, 500, 000
Nonferrous metals	500, 000
Other (excluding petroleum products)	3, 400, 000
Total	19, 400, 000
Wet cargo:	
Petroleum products ..... ship tons	22, 100, 000
Do ..... long tons	17, 800, 000

The CHAIRMAN. You may proceed.

BUDGET DETAIL BY FISCAL CODES

(See p. 130)

Mr. STETTINIUS. Gentlemen, will you please turn to exhibit D–2 in the small blue-covered binder.

The CHAIRMAN. Under appropriation requests?

Mr. STETTINIUS. The exhibit is D–2. It is on the sixth page, entitled "Budget Details by Fiscal Codes."

The CHAIRMAN. Have you any objection to this entire exhibit being included in the record?

Mr. STETTINIUS. No.

The CHAIRMAN. Without objection, we shall include this in the report at this point.

(The matter referred to is as follows:)

EXHIBIT D–2.—*Budget details by fiscal code*

Fiscal code	Description	Total
241	Trucks	$31,440,000
243	Other automotive vehicles	1,585,925
244	Miscellaneous automotive supplies, etc	25,136,316
	Total, category 3	58,162,241
310	Watercraft	81,907,000
320	Equipage, services and supplies	183,000,000
330	Rental and charter of vessels	1,414,754,000
	Total, category 4	1,679,661,000
611	Dairy products and eggs	643,222,000
612	Meat, fish, and fowl	1,061,616,000
613	Fruits and vegetables	168,202,000
614	Grains and cereal products	364,174,300
615	Sugar, chocolate, and saccharine	163,441,300
616	Lard, fats, and oils	281,777,000
619	Other foodstuffs	12,099,000
	Subtotal, food	2,694,531,600
621	Cotton	113,445,000
623	Tobacco	40,645,000
629	Other nonfoodstuffs	11,572,100
	Subtotal, agricultural nonfood	165,662,100
632	Agricultural implements	16,642,320
633	Road-building equipment	23,768,800
634	Electrical equipment	185,489,937
635	Fire-fighting equipment	$4,217,449
636	Railroad equipment	62,429,000
639	Other machinery	153,376,000
641	Iron and steel	713,255,097
642	Copper and brass	200,472,775
643	Aluminum	81,759,551
644	Zinc	18,505,100
645	Lead	1,067,100
648	Other metals and alloys	73,031,943
649	Nonmetallic minerals	17,000,293
652	Phosphates	8,100,562
659	Other chemicals	110,453,729
660	Petroleum products	752,020,000
670	Textiles and clothing	289,756,775
680	Timber products	88,486,558
686	Civilian medical supplies	98,000,000
690	All other commodities not otherwise classified	319,503,000
	Subtotal, Industrial and other commodities	3,217,335,989
	Total, category 7	6,077,529,689
710	Servicing of vessels, total, category 8	279,300,000
	Grand total, all categories except 9 and 10	8,094,652,930
	Total, category 9	377,473,002
	Total, category 10	8,999,000
	Grand total	8,481,124,932

The CHAIRMAN. You may make your comment.

Mr. STETTINIUS. If you will turn to exhibit D–2——

TONNAGE LOSSES AT SEA

The CHAIRMAN. Before we take that up, then, I would like to interpose a few questions.

The Washington Post this morning has an editorial comment in which it makes the statement that up to a very recent date, perhaps the last typical date available, the loss in tonnage caused by undersea craft is 1,000,000 tons more than we have been able to build. In other words, the undersea craft is winning the war at that rate. Now, I take it for granted that in the loss of this huge amount of tonnage you have necessarily lost also the cargoes, and there have been rumors from time to time of placing the amount of the loss of these lease-lend cargoes as 50 percent or more.

We would like to know what percentage of your lend-lease cargoes have been sent to the bottom of the sea instead of to the foreign fronts.

Mr. STETTINIUS. Mr. Chairman, through the month of February 1943 the amount of lend-lease cargo that had been lost through sinking was under 5 percent. I can give you some more detailed figures off the record.

(Discussion off the record.)

TRANSPORTATION FACILITIES FOR LEND-LEASE GOODS IN OTHER COUNTRIES

The CHAIRMAN. The press also has some statements, some direct and some indirect, to the effect that even after we get this across, that in the Red Sea and Persian Gulf areas, where facilities are lacking for transportation into the interior, this material is piling up and frequently without warehousing accommodations. What can you tell us about that?

Mr. STETTINIUS. I think that the details of this question should be off the record but I can say that although there were initial difficulties, material is now moving forward and transportation facilities will be able to take care of all the goods we will ship to that area.

(Discussion off the record.)

The CHAIRMAN. Are there any other notable accumulations piled up at the ports awaiting transportation?

Mr. STETTINIUS. On the other side of the water?

The CHAIRMAN. On the other side.

Mr. STETTINIUS. I know of none that might be considered abnormal.

The CHAIRMAN. How about congestion on this side?

Mr. STETTINIUS. We carry in Lend-lease, sir, something less than $1,000,000,000 of inventories. This represents about 2 months' shipping. There are accumulations of certain quantities of steel products for Russia that are urgently required that we are holding for Russia pending the convoy situation.

The CHAIRMAN. Are you waiting for bottoms?

Mr. STETTINIUS. Bottoms.

The CHAIRMAN. Or are you waiting for convoy ships?

Mr. STETTINIUS. Both, sir.

I should like to say at this point, sir, that we have within Lend-lease a redistribution committee. We constantly analyze our inventory and if for any reason it cannot go forward in a reasonable length of time, we immediately call it to the attention of the War Production Board, which re-allocates the material to the Army, the Navy, or to an industrial plant engaged in some war activity. This is a constant process and it constitutes a very important function.

The only other important instance, I believe, sir, where there is an accumulation of stocks is in the case of China where transport difficulties from India into China have restricted shipments.

(Discussion off the record.)

PROCEDURE FOR DETERMINING LEND-LEASE ARTICLES NEEDED BY VARIOUS COUNTRIES

The CHAIRMAN. Under your routine, as stated in your opening statement, you invite our allies to submit estimates as to their needs, that is, you take the initiative and then when those estimates are received, you go through and trim them down.

Now, in making an allowance on these estimates, are you governed by their needs or by what you are able to spare, or by what we are able to transport?

Mr. STETTINIUS. First, we study their need. We must be satisfied that the article or service requested is urgently needed in relation to

the urgeney of our own need—military, naval, or domestic. We must further be satisfied that it can be supplied out of our production and that there are transportation facilities to move the article or material to its destination.

The screening process to which any lend-lease artiele is submitted, Mr. Chairman, is a very careful process. Lend-lease not only gives a request an initial screening but the various allocation agencies such as the War Production Board and the War Food Administration, acting through their requirements committees on whieh all interested governmental agencies are represented, pass upon all requests.

I would like to recall the fact that when we were making up this budget the 44 lend-lease countries asked for 26,000,000 tons of dry cargo, and we have asked you to appropriate for only 19,400,000 tons. Now, we are satisfied in our minds that if we had the material and the transportation the lend-lease countries would be entitled from the standpoint of the merits in the prosecution of the war to the 26,000,000 tons for whieh they asked.

EXTENT OF PURCHASES OUTSIDE THE UNITED STATES

The CHAIRMAN. Are you securing your supplies entirely in the United States, or are you purchasing some of them abroad?

Mr. STETTINIUS. Originally, sir, everything was procured within the United States. You will recall Mr. Wickard made a statement to you at that time with respeet to our policy on agricultural commodities. Since that time there have been a few exceptions whereby certain items have been purchased outside of the United States.

The CHAIRMAN. To what extent?

Mr. STETTINIUS. Not to any large extent at all.

The CHAIRMAN. What amount would be involved, approximately?

Mr. STETTINIUS. Excluding Canada, to whom we do not provide goods or services under lend-lease, I should say probably not more than 1 percent.

COORDINATION OF PURCHASES IN FOREIGN COUNTRIES

The CHAIRMAN. Whereas you utilize existing agencies for purchasing here in the United States, through what agencies do you make the purchases abroad?

Mr. STETTINIUS. The same agencies. If a food item is involved, the Commodity Credit Corporation makes the purchase abroad.

The CHAIRMAN. To what extent do you coordinate and how do you coordinate with foreign nations in your purchases? How do you coordinate their purchasing power and agencies with our own Board of Economic Warfare?

Mr. STETTINIUS. I do not believe that I understand your question.

The CHAIRAMN. When you make these purchases, do you go as a lone wolf or do you coordinate with them, with the foreign nations?

Mr. STETTINIUS. Well——

The CHAIRMAN. For example, the nation from which this supply is secured.

Mr. STETTINIUS. That is, a purchase abroad?

The CHAIRMAN. Suppose that you were purchasing in Russia, or Great Britain. Would you just go in there with your United States

Department of Agriculture, or any other departmental representative, and make the purchase, or would you consult and collaborate and coordinate with the English or the Russian authorities?

Mr. STETTINIUS. We would consult with the country involved as to supplying articles required by this country.

The CHAIRMAN. Just how do you arrange that?

Mr. STETTINIUS. Are you thinking, sir, of reverse lend-lease when you ask this question?

The CHAIRMAN. No. You say that you purchase 1 percent, and I take it for granted the amount you purchased abroad is increasing, is it not? Formerly you purchased all the supplies in the United States.

Mr. STETTINIUS. It is our policy not to lend-lease to any country goods which are purchased from that country. Taking account of this policy we procure some goods—and the amount may increase, as you say—from foreign countries when we are satisfied that we can save shipping and reduce the strain upon our domestically produced supplies which are short or are not available in this country. I think that the specific purchases we have made abroad should be off the record.

(Discussion off the record.)

The CHAIRMAN. Have you in any instance worked with the purchasing agencies of any of our allies in securing lend-lease on your account?

Mr. STETTINIUS. In a few cases under arrangements made by the Combined Food Board the United States purchases all of a particular commodity from a particular area although part is purchased with funds supplied by the British for British account. In a few other cases the British purchase all of a particular commodity in a particular area partly with United States funds for United States account.

FUNCTIONS OF CARGOES INCORPORATED

The CHAIRMAN. I notice that you have here Cargoes, Incorporated. That seems to be a part of your organization. What is the function of Cargoes, Incorporated?

Mr. STETTINIUS. That has been reported on in our various reports to Congress.

The CHAIRMAN. Is this Cargoes, Incorporated, one of your divisions?

Mr. STETTINIUS. Cargoes, Incorporated, is a subsidiary of the Lend-Lease Administration that was organized with the approval of the President. A report of its operations is contained in the report made to the Congress at the direction of the President in January of this year.

(Discussion off the record.)

The CHAIRMAN. What funds do you use for that purpose?

Mr. COX. The funds for the Seamobile were allocated out of category No. 4; the same way they would be allocated to the Maritime Commission if they were to build a boat. Category 4 is specifically for the construction of vessels and related ships for lend-lease countries.

Mr. STETTINIUS. We have spent less than $1,000,000 on the whole Seamobile project, and I am sure that anything that has been spent is well invested. If this Seamobile works out, I think the representatives of the British in this country who have been particularly interested in this vessel would say, from the standpoint of shipping, that it would be worth tens of millions of dollars to them. The Seamobile may also have important direct uses for the United States.

LEND-LEASE SILVER PROGRAM

The CHAIRMAN. What about lend-lease silver?

Mr. STETTINIUS. We appeared before the special Senate silver committee last week and received the unanimous approval of that committee to lend a little over 3,000,000 ounces of silver to the British for coinage, as well as industrial purposes. We have a special arrangement with the British whereby all that silver will be returned to us in kind as soon as possible after the close of the war. No price was put on this silver. It was silver that we have loaned them for the duration of the war for essential purposes, which will be returned under this special agreement.

The CHAIRMAN. And it will be returned in kind?

Mr. STETTINIUS. It will be returned in silver. We have satisfied ourselves that the British must have this silver to build aircraft ignition systems and for other uses in aircraft manufacture. It is necessary for them to expand their coinage, in part because they need many more coins to take care of our own troops, and to meet the needs of their colonies and dominions. They have a much greater demand for coins now than they did before the war. The entire program, as I say, was approved informally by the special silver committee of the Senate. The agreement that will pass between the two Governments has been shown to Senator McCarran as well as to other members of the Committee.

The CHAIRMAN. I note here in the tabulation which you have submitted that the high-water mark for the delivery of goods and services was last October. In the month of October you reached the peak of delivery to our allies of goods and services. Since that time there has been a decline, a rather material decline. How do you account for the fact that we are dropping back since the last of October?

Mr. STETTINIUS. I think that this should be off the record.

(Discussion off the record.)

TRANSFER OF FINISHED MUNITIONS FROM NAVY AND ARMY TO ALLIES

The CHAIRMAN. What is your function with relation to finished munitions transferred from the Army and Navy Departments to our allies? Have you any relation to that? What is your function in that connection?

Mr. STETTINIUS. Mr. Chairman, under the combined Chiefs of Staff there is a subsidiary body known as the Munitions Assignments Board. That Board assigns munitions as they are produced regardless of their source of financing, whether it be a Russian contract of 1939, a British contract of 1940, a lend-lease contract, or a War Department contract. When an airplane comes out of the Lockheed

works, for example, or a tank comes out of the Chrysler Arsenal, that tank or airplane is assigned as of that week where it will do the most good from the standpoint of the United Nations' cause—either to our own forces or to one of our allies.

The Army, the Navy, and the Maritime Commission report to us monthly what has been transferred to each lend-lease country, the items and the amount in dollars. We keep a master set of books and report to Congress every 90 days the aid rendered, regardless of whether the article comes from a War Department, Maritime Commission, Navy, lend-lease, or other appropriation. The 90-day report that we submit to you is a master lend-lease report of the lend-lease aid furnished by the United States Government, regardless of the agency that has made the transfer.

IMPORTANCE OF CONTROL OVER MEDITERRANEAN SEA

The CHAIRMAN. You speak in your report of the clearing of the Mediterranean. I take it for granted you refer to the complete subjugation of Tunisia and, when the German forces and the Italian have been eliminated in north Africa, we will then be in control of the Mediterranean?

Mr. STETTINIUS. Well, sir, that is military strategy, on which I am an amateur.

The CHAIRMAN. But you speak in your statement about the results that might flow from it and state it would probably not then be necessary for us to make those trips around Cape of Good Hope. Does that mean we would control the Mediterranean?

(The question was answered off the record.)

RELATIONSHIP WITH THE NAVY DEPARTMENT

The CHAIRMAN. You have submitted here letters from various other agencies indicating that these lend-lease programs have been fully integrated with these other agencies, and I notice one omission. You have nothing here from the Navy. Is there any significance in that?

Mr. STETTINIUS. Our only relationship with the Navy in this program is that the Navy acts as purchasing agent for the petroleum products which we send under lend-lease, amounting to around $800,000,000, or 162,000,000 barrels. We have a letter from Mr. Ickes saying that as nearly as can be foreseen at the present time, this amount of oil will be available. The Navy's only function would be to act as our purchasing agent for the proportion of petroleum products allocated to us.

The CHAIRMAN. You have, then, a complete understanding with and approval from the Navy Department, as you have from the others.

Mr. STETTINIUS. We have a complete understanding with the Navy.

RELATION TO OFFICE OF FOREIGN RELIEF AND REHABILITATION

The CHAIRMAN. What is your relation to Mr. Lehman's activity in liberated territories? What integration is there between you and his work?

Mr. STETTINIUS. Mr. Chairman, we have very satisfactory relations with the Office of Foreign Relief and Rehabilitation Operations. I have a statement of three paragraphs which I might read in connection with the Office of Foreign Relief and Rehabilitation Operations. However, it largely goes over the same ground that I covered in my opening statement.

The CHAIRMAN. You incorporated the same idea in your general statement?

Mr. STETTINIUS. In my general statement I hoped we had made our relations clear.

RECIPROCAL AID UNDER LEND-LEASE PROGRAM

The CHAIRMAN. Mr. Stettinius, there is a widespread impression abroad throughout the land that we are making these lend-lease contributions to our allies gratis and that we will never get them back and, in the meantime, that we have no return. Now you mentioned reciprocal aid. Just to what extent are we securing reciprocal aid? If you will, elaborate just a little bit on what you said about the aid which our allies are giving us at the same time that we are aiding our allies.

Mr. STETTINIUS. In our hearings before the Foreign Affairs Committee we went at great length into this subject.

Major Spiegelberg, who was the general recorder of the Army Purchasing Board in Great Britain, in charge of reverse lend-lease in England, testified very comprehensively on that subject. In a nutshell, Mr. Chairman, the British and the United Kingdom are giving us under reverse lend-lease without the payment of any funds between the two countries, every possible thing they can give to support our forces there. If it had not been for this arrangement with the United Kingdom, we should have had to send over one million and a half ships' tons of material to take care of our own forces in the United Kingdom, which we did not have to send because of the fact that this material was furnished by the British as reverse lend-lease.

The CHAIRMAN. What is the nature of that contribution?

(After discussion off the record:)

Mr. STETTINIUS. I will prepare a statement on that for insertion in the record.

(The statement is as follows:)

STATEMENT ON REVERSE LEND-LEASE AID RECEIVED BY AMERICAN FORCES IN ALL THEATERS

The principle of mutual aid which has operated in the British Isles since the early months of 1942 has been increasingly extended to other theaters where our allies find themselves in a position to meet the demands of American forces. Reciprocal aid has been supplied the United States whenever and wherever our forces needed supplies and our allies could possibly provide them. In all parts of the world—the United Kingdom, Russia, Australia, China, New Zealand, New Caledonia, Fiji, Iceland, India, the Belgian Congo, North Africa, British East and South Africa, Iran, Iraq, Syria, the Caribbean—American military and naval forces and our merchant marine have received every type of available commodity or service which could satisfy their needs. While the flow of lend-lease goods going abroad has steadily increased, reciprocal benefits from our allies, also granted without payment, have grown steadily.

THE UNITED KINGDOM

The United Kingdom has continued to furnish United States armed forces with a great diversity of supplies and services of every kind and description. In terms of ships' tons—a ship's ton is 40 cubic feet or a dead-weight ton, whichever occupies less space—the following is the most accurate picture which can be given of the articles and equipment received from the British from June 1, 1942, to March 31, 1943:

Articles and equipment:	*In Ships' Tons*
Engineer Corps	249, 471
Quartermaster Corps	731, 301
Signal Corps	7, 371
Ordnance Department	115, 716
Transportation Corps	3, 757
Medical Corps	85, 983
Air Force	139, 541
Miscellaneous supplies	29, 541
Total	1, 362, 681

There is excluded from the above total the dead weight of materials provided by the British for construction intended exclusively for American forces. This total is 2,177,384 tons. The British have officially estimated that, when completed, this construction program alone will have entailed an expenditure of $600,000,000.

Following is a brief description of the nature of the articles and equipment afforded the various services:

The Engineer Corps, among other things, has received such things as aerodrome construction materials; asphalt; batteries; black-out cloth; bulbs; carts; well casing; cement; coal; concrete mixers; cranes; Decauville track; fire-fighting equipment; flame throwers; funnels (fuel); gases, industrial; hangars; huts, Nissen; knives; locomotives; lumber, paint; pile drivers, pipe; racking; rail relay; railroad equipment; road building and repair equipment; roofing materials; rope; steel; snow-removal equipment; tanks, water and other; trailers; warehouse equipment, fixed; wire, barbed; concertinas; sewing; rope, woven.

The Quartermaster Corps, among other things has received such things as accommodation stores and supplies, bakeries; blankets; bleach; camouflage; candy; canned heat; canteens; cleaning materials; clothing, all sorts; clothing repair supplies; cordage; desks; food; food storage; furniture; laundries; lights; machinery, office and warehouse; paper; printing equipment; ranges; recreational equipment; sales store items; soap; tents; towels; warehouse equipment.

The Signal Corps, among other things, has received such things as communication equipment involving over 170 different items; air lines including poles, wire, and accessories; batteries; cable of various sorts; cable-laying equipment; charging sets; Fullerphones; photographic equipment and supplies; pigeon equipment; radios and receivers (ground and aircraft); switchboards; telephone sets; transformers; wave meters.

The Ordnance Department, among other things, has received such things as automobiles (British); ammunition; artillery; beehives; bombs (high explosive and incendiary); bomb throwers; detonators; explosives: flame throwers; grenades; mines (antitank, chemical, shrapnel); pyrotechnics; signals; target materials; torpedoes; tubes.

The Transportation Corps, among other things, has received such things as automobiles, British (procurement of automobiles subsequently transferred to Ordnance); various types of harbor, assault, and combat boats.

The Medical Corps has received practically everything required by it.

The Air Force, among other things, has received such things as hangars; meteorological equipment; racking; Sommerfeld track; airplanes; aircraft tools; shop equipment, etc.; Air Force supplies such as flying and service clothing; battery carts; defrosting and de-icing materials; glider assembly; parachutes and dinghies; packing tubes; protective body armor; airplane tires; trap-shooting equipment; snow-removal equipment.

Under "Miscellaneous supplies" we have received, among other things, such things as bleach; CSA smoke; gas detectors; eye shields; gas alarms; oxygen, hydrogen, and acetylene; smoke generators; incendiaries.

In connection with the foregoing, it must be borne in mind that articles and equipment constitute only a portion of the reciprocal aid afforded United States

forces in the European theater of operations by the British Government. In addition, to mention only some of the reciprocal aid received, the following should be referred to:

(*a*) Transfer of existing billets to United States troops.

(*b*) Transfer of existing air fields to the United States Air Force.

(*c*) Requisitioning of thousands of buildings for depots, headquarters, offices, and officers' quarters.

(*d*) British civilian labor directly employed by United States forces and paid by the British; the number varies in amount from 12,000 to 25,000 individuals so employed.

(*e*) British civilian labor indirectly employed for United States forces, the number of whom it is impossible to estimate with any degree of accuracy.

(*f*) Sea transport of all United States Army personnel and freight.

(*g*) Rail and motor transport of all United States personnel and freight, including motor transport necessary within depot areas.

(*h*) All official mail, telephone, and telegraph communication within the United Kingdom.

(*i*) All damage to Government and private property as a result of training and maneuvers.

(*j*) All available British supplies for United States commissary stores. These supplies are resold for cash to United States troops by the United States Army and the proceeds retained.

(*k*) Maintenance and servicing (excluding pay of staff) of all Red Cross hostels, clubs, and operational buildings as well as supply of necessary Red Cross motor-cars.

(*l*) All expenses incident to the publication of United States Army European theater of operations daily and weekly newspaper.

(*m*) All official printing except that done at United States Army printing plant.

As the need for additional articles, equipment, services, and facilities becomes apparent, arrangements are made with the British to procure the required article or service under reverse lend-lease.

Special attention should, perhaps, be focused on foodstuffs as an illustration of the readiness of the British Government to supply American forces in lines of production which are in great scarcity. The table below shows the amounts of foodstuffs procured by American forces as reciprocal aid in 1942 and the first quarter of 1943 and the planned procurement for the year 1943.

		1942	January–March 1943	Total, 1943
"C" biscuits	pounds		645,000	1,310,000
Hard candy	do			256,000
Cereal assorted	do		1,234,000	8,489,000
Cinnamon	do	1,800	26,000	108,000
Cocoa	do		782,000	3,865,000
Vanilla extract	do	9,300	40,000	148,000
Natural wheat flour	do	626,000	16,251,000	81,170,000
White flour	do			7,400,000
Fruit	do	336,000	360,000	2,935,000
Baking powder	do	23,000	95,000	639,000
Potatoes	do	1,492,000	5,435,000	57,350,000
Bread	do	1,797,000	4,920,000	61,955,000
Salt	do	15,000	1,704,000	6,883,000
Sauce concentrate	do	73,000	44,000	251,000
Sugar	do	896,000	7,274,000	46,463,000
Tea	do	186,000	327,000	1,107,000
Vegetables	do	3,024,000	3,500,000	51,100,000
Vinegar	do	352,000	369,000	2,171,000
Green coffee	do	12,000	792,000	11,221,000
"D" rations			226,500	3,059,000
Spaghetti	pounds		328,000	1,417,000
Fresh yeast	do		17,500	95,600
Corn on cob	dozen			866,000
Soft drinks, full demand	do			4,170,000

It should not be inferred that the United Kingdom has limited itself to the territory of the British Isles in providing reverse lend-lease to our armed forces. Increasingly, all over the world, in the Dominions, in the British Colonial Empire, and even in non-British countries, the United Kingdom has set up various mechanisms to assist in supplying the needs of the American Army and Navy and of American shipping, generally.

The extent to which reciprocal aid enhances the fighting effectiveness of our armed forces was well illustrated during the invasion of north Africa.

A part of our initial landing forces was equipped and supplied with articles of war turned over to them by the British. Among other things, they received more than 3,800 tons of ammunition, enough artillery for an entire division, some 80,000 tons of coal, 2,000 tons of British rations, medical maintenance units for hundreds of thousands of men, and 30,000 tons of engineering equipment. In addition, United States troops fighting with the British First Army have been supplied entirely by the United Kingdom with all items used jointly by American and British forces.

As examples, there may be cited the revolving fund which the British provide in sterling and against which all the ships operating under the War Shipping Administration are at liberty to draw for the cost of repairs, fueling, and general conditioning. Under a slightly different system, in New Zealand and Australia, repairs and fueling of War Shipping Administration vessels are made available.

Throughout the Empire the British Treasury pays all British commerical companies for oil supplied to War Shipping Administration ships. Currently, discussions are under way for the establishment of a system whereby the dollar expenditures of American vessels in small British ports will be repaid by the British upon the presentation of certified receipts.

Our Navy receives its oil free of charge from all commercial suppliers in the British Empire (with the exception of Trinidad where special arrangements prevail). In addition, American naval vessels receive a great variety of supplies, including tools, grease guns, cranes and hoists, pipe and fittings, valves, radio equipment, refrigeration materials, paints and varnishes, manila rope, steel plating, lumber, food and drink, storekeeping supplies and charts and maps.

In the Middle East, specifically in Palestine, the Persian Gulf, Egypt, Eritrea, and Syria, the British have been supplying the United States forces with local currency with which to purchase material and labor. The providing of these currencies typifies the spirit of reverse lend-lease generally, since they are not made available to us under any specific agreement but merely because it was felt, at the time our troops went into these areas, that the British were in a better position to procure these particular currencies than were the Americans. Dock installations, hospitals, cantonments, have been provided for American use by the British by this means.

More recently in Kenya, the Gold Coast and east and central Africa, the British have satisfied the needs of American forces on an ad hoc basis. Sudan railways are carrying supplies and equipment for American forces and the Public Works Department of the Anglo-Egyptian Sudan is providing materials and labor for necessary military installations. It is expected that the British Overseas Airways Corporation will shortly begin to transport United States personnel and freight to and from points in Africa without payment.

AUSTRALIA

Australia provides a notable example of a country drawing upon limited resources to meet the needs of United States forces. The extent of her aid is reflected in many phases of civilian life—in food shortages, despite her position as a great agricultural producer, in clothing rationing, in severe curtailment of travel facilities.

In 1942 Australia supplied American forces in the South and Southwest Pacific with the bulk of the foodstuffs they required on a ration scale comparable to the basic allowance of the American Army. For nearly 4 months civilians went without potatoes so that this scale could be maintained. For 6 months, dried and citrus fruits, pork products, tomatoes and tomato juices, chocolate and other foodstuffs have been virtually unobtainable by civilians, although all of these foods have remained on our Army ration. For reasons of military security, it is not possible to give the exact poundage of foodstuffs to be procured as reciprocal aid in 1943, but it will be several times as great as last year. The weight of dry provisions alone will be much greater than that of all foodstuffs, dry and fresh, during the past year. Whereas United States forces absorbed only 2.3 percent of canned meat production in 1942, they will take 35 percent this year and will take amounts ranging up to 100 percent of other canned-goods production.

Although clothing rationing has been introduced, the Australian Government is undertaking an extensive clothing production program for United States forces. Items to be supplied include garrison caps, blouses, shorts, gloves, battle jackets, neckties, overcoats, woolen shirts, shoes, socks, sweaters, and trousers.

The rubber tire requirements of American Forces are now met from Australia production. Recreational needs of American soldiers have been met by an Australian program which calls for every type of game and accessory from boxing gloves and horseshoes to chess sets and medicine balls—in all, more than 320,000 items of such equipment. Numerous hospitals, including the newest and most modern in the country, have been given to the United States Army for its exclusive use. More than 100,000 acres of land and more than 7,000,000 square feet of floor space have been provided American forces. Air, rail, and water passenger fares and freight charges and cable and telegraphic charges are met by the Commonwealth Government—all as part of a reciprocal-aid program which consumes over 10 percent of the Australian war budget.

The Australian Government officially estimates its expenditures for reverse lend-lease in the current fiscal year at $177,000,000, bringing total estimated expenditures for this purpose to $196,000,000 by the end of June 1943.

NEW ZEALAND

The Government of New Zealand is likewise providing goods and services under reciprocal aid to American forces throughout the Pacific area. In a country of less than 2,000,000 people, the scope and volume of such aid is remarkable.

All kinds of foodstuffs are supplied, the bulk of them in fresh meats, butter, cheese, and vegetables, where storage facilities are available, and canned meats, dairy products, and biscuits, where preserved foods are necessary. New Zealand is increasing its productive capacity in dehydrated foods, chiefly in butter, milk, and certain vegetables, in order better to provide for the needs of the American forces. As in Australia, shortages have been occasioned by military requirements; meanwhile, the government continues to expand its reverse lend-lease procurement above the level of foodstuffs supplied in 1942.

Quantities of clothing, including shoes, blankets, and other textiles have been supplied. In terms of American production, the amounts involved are small, but they necessitate a rationing system so severe as to limit the supply of clothing to less than one full outfit per person per year.

New Zealand has undertaken an extensive program for the construction of hospitals, camps, warehouse, and other capital projects for the exclusive use of the American forces, or for their use in conjunction with the New Zealanders. The estimated cost of this construction as of February 28, 1943, was $22,000,000, with substantial additions planned for the fiscal year beginning last April.

The value of reciprocal aid, including construction as of February 28, 1943, was officially estimated by New Zealand officials at $31,825,000. The estimate for the fiscal year ending March 31, 1944, is $65,000,000.

RUSSIA

Our ally, Russia, needs its resources to maintain its armies on a 2,000-mile fighting front. But Russian authorities have met without payment both routine and extraordinary expenditures in North Russian ports for ships, carrying lend-lease goods. Supplies and services thus provided have included fuel, food, wharfage, medical aid, laundry work, lighterage, shore transportation, repairs, tug service, and pilotage.

INDIA

The United States has not yet concluded a reciprocal aid agreement with the Government of India. Such aid as we have received to date results from on-the-spot agreements reached by our military commanders in the area. The greater part of the aid received consists of varied types of construction projects, including a number of air fields, complete with all buildings and facilities, and numerous hospitals. Considerably over 800,000 square feet of floor space in building accommodations have been made available for such purposes as radio stations, butcher shops, warehouses, enlisted men's barracks, officers' quarters, mess halls, motor repair shops, laboratories, recreation buildings, etc. The Indian government has even turned over one building to house a bottling plant to supply soft drinks to our forces.

In view of the critical tanker situation and the great distances involved, the transfer of fuels to American forces by the Indian Government assumes significance. We have received substantial quantities of aviation gasoline, motor gasoline, lubricating oil, and lesser amounts of other petroleum products. A part of the motor fuel has found a use in the hundreds of trucks and passenger cars given our troops without payment as reciprocal aid.

In addition, United States Army groups have been afforded postal, telegraphic, and telephone facilities, water and electric power, furnishings for buildings, and items of clothing, including mosquito and gas-proof outfits.

The network of reverse lend-lease is literally girdling the world. It is likely that in a majority of cases, the United States will grant greater aid, measured in dollar values, than she will receive. It would be most unusual to find the case otherwise—for we draw upon the richest resources and the greatest productive machine in the world. We give more because we have more to give, in accordance with the principle that each nation shall contribute to the war in accordance with its ability.

Reciprocal aid has not hitherto generally been valued because in wartime the burden of ascertaining and agreeing upon values has been too great, but we do know that our allies have made very great contributions.

EXTENT OF ACCOUNTING OF LEND LEASE TRANSACTIONS

The CHAIRMAN. Is there any bookkeeping now whereby those things are offset against our lend-lease contributions?

Mr. STETTINIUS. Each of the branches of the armed services reports to us monthly the aid received from the other members of the United Nations family. We keep a master set of books. If you ask the question "Are the accounts maintained in dollars," the answer is "No, they are not in dollars." But we have insisted that we be supplied with a full description, so that at a later date, when we have the manpower and the accounting machinery to convert these accounts to dollars we can do so if it is then deemed desirable. Colonel MacKeachie, who was killed coming back from England, made the statement to me that if he attempted to put dollar values on everything received by the American forces in England, half a division of men, approximately 8,000 men, would be required for that purpose. This estimate was based on an estimate made by the United States Army Engineers. In England they have not the accounting machinery, they have not the manpower, they have not the paper, and it is just impossible to translate reverse lend-lease aid into dollars. General Somervell is supplying us with information in such form that it can serve any purpose that the Congress may decide to have served, at a later date.

The CHAIRMAN. What will be the status of our lend-lease account with the allies, at the close of the war?

Mr. STETTINIUS. It depends on how long the war lasts.

(After discussion off the record:)

The CHAIRMAN. If it ends in time to leave a balance in our favor, will any effort be made to liquidate or to adjust the difference?

Mr. STETTINIUS. That is a matter, of course, to be settled as Congress has provided in the Lend-Lease Act. It is impossible to forecast what those accounts will show, and I do not know how we can measure a million dollars of aid to Russia against 2,000,000 lives lost in Russia.

The CHAIRMAN. You take the position, then, that all we are contributing in the way of lend-lease is a contribution toward victory?

Mr. STETTINIUS. A contribution toward victory, sir.

The CHAIRMAN. And that we would spend just as much if we had to spend it in support of our own troops, and perhaps have done a little better because our own troops do not die in the process of consuming it?

Mr. STETTINIUS. Our philosophy is that each member of the United Nations family must put in all of its resources, all of its manpower, industrial production, and agricultural production, for winning the war. And if every member of the United Nations family puts in all of its resources and we win the war, it seems to me we ought to be pretty well satisfied. But it is not for us to say; that is something that will have to be discussed on a higher level.

FUNDS UNOBLIGATED BUT COMMITTED

The CHAIRMAN. I notice that of this 18.4 billion appropriated, 14.5 billion is obligated, 1.8 billion is unobligated but committed, and 2.1 billion is unobligated. What is included in this figure of 1.8 billion unobligated but committed? How definite are those commitments?

Mr. STETTINIUS. Mr. Chairman, a description of those committed funds is contained on exhibit B–2 of your binder which I should like to have your permission to put in the record. I shall not burden you with reading it.

(The information is as follows:)

DETERMINATION OF COMMITTED FUNDS

Exhibit B–1 shows, in the last three columns, the separation of the unobligated funds as between "committed" and "free" funds.

"Committed" funds are funds required to meet those projects in process where, due to the nature of the projects, the accounting procedures do not show the funds as technically obligated.

The determination of which fundswere to be considered "committed" was made in consultation with the Bureau of the Budget and with the procuring agencies and has been fully agreed to by these organizations.

The CHAIRMAN. Tell us, briefly, just how definite are these commitments and in what time they are expected to mature into obligations.

Mr. STETTINIUS. They will mature into obligations at any time during the next year or 14 months.

NATURE OF COMMITMENTS

The CHAIRMAN. What is the nature of those commitments?

Mr. STETTINIUS. There are a number of aircraft items, artillery and tanks that were ordered with original Lend-Lease appropriations when you appropriated the ordnance munitions items to Lend-Lease. Those funds are still at work in the War Department. Another instance is presented in the case of the construction of warehouses and other facilities, which projects, from their nature, take many months to complete. A further instance would be one of the Maritime Commission's projects of equipping merchant vessels with certain defense features. This project is handled by setting up a supply base to do the work and letting the ships come along from time to time, because the entire contract could not be reasonably projected at the outset. Therefore, that cost has to be adjusted. However, this activity is necessarily spread over many months and the nature of the work requires numerous contracts.

The CHAIRMAN. Mr. Stettinius, why could not the War Department take that over and handle those funds and free your funds?

Mr. COX. They were not all War Department items. For example, if a piece of heavy machinery were required, we made the contract in

the first instance for the most important part of it and did not order the auxiliary parts until things reached a certain stage of construction; yet the obligation and commitment were there and will be formally made at a later date.

The CHAIRMAN. Now, this is committed and will ripen into an obligation. To whom is the commitment made? Is it made to the foreign government that manufactures it?

Mr. STETTINIUS. Those funds are at work in a great many agencies—the Department of Agriculture, the War Department and the Maritime Commission. The Department of Agriculture also has allocated to it a large item included in these committed funds which perhaps Mr. Chester Davis and Mr. Wickard will wish to discuss when they get on the stand.

The CHAIRMAN. Are they allocations rather than commitments, or are they commitments with foreign governments?

Mr. COX. They are commitments in substance; but how far some of those have already ripened into obligations, if you define "obligation" technically——

The CHAIRMAN. The obligation is with the manufacturer?

Mr. COX. That is right, and the commitment is with the manufacturer. And since the date as of which these figures were compiled, undoubtedly some of those commitments have already ripened into obligations.

The CHAIRMAN. At what rate are obligations being incurred; how much per month?

Mr. JURAN. In the neighborhood of $450,000,000 a month.

Mr. STETTINIUS. $450,000,000 a month was the last figure.

The CHAIRMAN. I wonder if you can give us the obligations up to date, month by month, as they have been incurred?

Mr. STETTINIUS. I will do that, sir.

(The matter referred to may be found on p. 138.)

GOODS TRANSFERRED AND SERVICES

The CHAIRMAN. That takes care of the one item of 14.5 billion obligated. Now the 7.9 billion of goods transferred and 1.9 billion of services—does that represent services already rendered?

Mr. STETTINIUS. Yes, sir; that is correct.

The CHAIRMAN. And the 3.7 billion of work in process covers what period?

Mr. STETTINIUS. It is estimated that two-thirds of this is War and Navy Department items, such as aircraft, tanks, and various military items. The remainder is divided among Agriculture, Maritime and Treasury Procurement.

The CHAIRMAN. For what period?

Mr. STETTINIUS. These have been committed since March 1941. Some of the funds relate back to the original $7,000,000,000 appropriation.

The CHAIRMAN. They cover the entire period of your incumbency?

Mr. STETTINIUS. That is correct.

COST OF TRANSFERRED FINISHED MUNITIONS MANUFACTURED FROM ARMY AND NAVY FUNDS

The CHAIRMAN. Now, the procedure was established some time ago of transferring finished munitions out of goods manufactured from Army and Navy funds. Do the goods transferred, according to the statement you have given us, include any articles transferred under appropriations except the 18.4 billion appropriation given you directly?

Mr. STETTINIUS. Yes, sir. About 11 percent of the lend-lease aid rendered to date has been out of Army and Navy appropriations. This chart (indicating chart 2) on the lower part, shows the sources of the funds. There is a total of 9.8 billion from the 18.4 billion dollars appropriated to the President and 1.2 billion dollars worth of supplies procured from the appropriations to the Army and Navy. That yellow segment represents transfers from Army and Navy appropriations.

The CHAIRMAN. Then, as a matter of fact, lend-lease is greater than the 11 billion dollars shown, due to the fact that transfers of items of supplies and materials from the armed forces procured under Army and Navy funds are not included in the total?

Mr. JURAN. No; the 11 billion total includes everything.

The CHAIRMAN. Everything is reflected in the total?

Mr. STETTINIUS. That is right.

The CHAIRMAN. Now, as to material shipped to our forces overseas and then by them transferred after they receive it, that would not be included?

Mr. JURAN. That is included as reported.

The CHAIRMAN. It is included?

Mr. JURAN. Surely.

The CHAIRMAN. Everything is included?

Mr. STETTINIUS. Yes, sir.

The CHAIRMAN. Are there any questions?

Mr. WOODRUM. I have no questions, but I would like to express my appreciation for the very fine presentation Mr. Stettinius has made of the case.

Mr. STETTINIUS. Thank you, Judge.

EXTENT OF OBLIGATIONS UNDER APPROPRIATIONS TO DATE

Mr. SNYDER. I have two questions. Including the appropriations to the President and transfers authorized from appropriations to the Army, the Navy, and so forth, thus far nearly 60 billion dollars have been transferred for lend-lease aid. Why are you asking for more funds now when the total value of lend-lease aid to date amounts to only 10 billion dollars?

Mr. STETTINIUS. Mr. Snyder, the appropriations directly to the President and directly to the Army, the Navy, and the Maritime Commission total approximately 63 billion dollars. Now, out of the 18.4 billion that has been appropriated to the President, we have already put to work 16.3 billion. This leaves free funds of 2.2 billion that we are asking to be reappropriated to us. In contrast with the 18.4 appropriated to the President, the approximately 35 billion that you have made available to the Army and the Navy is not an appropriation

specifically for lend-lease aid; it is merely a right to transfer for lend-lease purposes up to a certain dollar limit munitions procured from funds appropriated primarily for Army and Navy purposes.

When you appropriate $20,000,000 to the Army, you do not say $5,000,000 of that is for lend-lease aid; you say that the Army has the right, with the approval of the President, to transfer 25 percent of the 20 million, or 5 million, to the United Nations for lend-lease purposes. It is not obligatory on the Army to render that aid; the funds are primarily for the Army's own uses.

Is that clear, sir?

Mr. SNYDER. That is clear.

Mr. STETTINIUS. Of course you understand, Mr. Snyder, that the requests we are making of you today are not for items that the Army is authorized to transfer. The money we are asking is for commodities, machine tools, ships, and services that cannot be procured from the Army or Navy appropriations.

METHOD USED TO PREVENT EXCESSIVE AMOUNTS OF CRITICAL MATERIALS FROM BEING RECEIVED BY ANY ONE GOVERNMENT

Mr. SNYDER. I understand that. Now, one more question: What is there to prevent a foreign government from requisitioning and receiving under lend-lease excessive amounts of critical material?

Mr. STETTINIUS. The screening process that has been discussed prevents any improper shipment of supplies. Not only does the Office of Lend-Lease Administration initially analyze and pare down all requests but they are submitted to the various allocation agencies for determination in the light of available supply and competing need. In this way the request of a lend-lease country is weighed against the competing demands of the Army, the Navy, and the United States civilian requirements before any allocation is made. In many cases, we have to cut down the request, because it just is not possible to meet fully the requirements of the foreign governments. It is a matter of weighing the relative urgency of each case.

Mr. SNYDER. So that there is not much chance for any one individual nation to receive an undue amount of this critical material?

Mr. STETTINIUS. No, sir. After the initial allocations have been made we further screen the specific requisitions that are filed by the individual countries. We follow a common-sense business approach. For example, if New Zealand comes in and files a requisition for 10 agricultural tractors, Mr. Orchard and his staff will put the New Zealand purchasing mission here through a most careful examination and develop a report this thick [indicating] justifying the use of those 10 tractors and telling you everything about them—where they are to be used, why they are to be used—and weighing the New Zealand demand against the demand for tractors somewhere else.

Mr. WOODRUM. And he will probably cut it down to six tractors before he gets through?

Mr. STETTINIUS. Probably.

Mr. SNYDER. I wish to join my colleague here, Mr. Woodrum, in expressing my appreciation of your making such a splendid presentation and giving us such a splendid outlay of facts and justification as you did in this volume. Outside of the War Department's presentation of their estimates, I do not know of any other agency in the Government that presents its estimates in such a fine fashion.

Mr. STETTINIUS. Thank you, sir.

Mr. O'NEAL. I have three or four questions I would like to ask. First, for the record:

LACK OF IMPOSITION BY LEND-LEASE COUNTRIES UPON UNITED STATES

Mr. Stettinius, have you experienced any efforts of any magnitude to take advantage not of our generosity, but of our instinct of self preservation—because we are not going into this as a generous gesture? Have you seen any examples of an effort to take advantage of us?

Mr. STETTINIUS. No, sir.

Mr. O'NEAL. Of any magnitude, or any effort to take advantage of America?

Mr. STETTINIUS. No, Mr. O'Neal, I have not.

Mr. O'NEAL. I want that on the record, because there is so much said on that subject.

Mr. STETTINIUS. Of course you understand the demands of the lend-lease countries are much greater in merit than we can possibly supply from available materials or with the shipping we have for this purpose. Therefore some who are not familiar with the intimate facts might say they are asking for too much. But when a lend-lease country comes in and asks for a quantity of material or for a number of items that just are not available, that we cannot meet, we get immediate cooperation from the foreign representatives of the lend-lease countries in revising that request. I can assure you I have not seen one instance of what you refer to.

Mr. O'NEAL. You feel that we are taking care of America's interests and are not being imposed upon by countries we are assisting in this way?

Mr. STETTINIUS. I do, sir. And I do not believe we are doing anything under lend-lease that does not make an important contribution in the prosecution of the war and that any articles or materials we send out of the country are doing more to defeat the Axis where we send them than if we kept them in the United States.

NEED FOR PROGRAM TO REHABILITATE MILITARY EQUIPMENT

Mr. O'NEAL. Now, if you do not want to answer this question, because there might be some criticism implied in it, you do not need to. You have your agents abroad, have you not, reporting directly to you on what is going on in other countries?

Mr. STETTINIUS. That is correct, sir.

Mr. O'NEAL. There undoubtedly are, and of course unavoidably, tremendous amounts of equipment that are abandoned which would require only a little work to reclaim. Without intending any criticism of the Army, in France during the last war, hundreds of automobiles were abandoned along the roads some of which merely had run out of gas, and no effort made to reclaim them when the war ended. I know the Army is not equipped to do a satisfactory reclamation job, but undoubtedly there is millions of dollars worth of equipment which could again be put in use after the conflict is over. I was wondering if it would not be properly within your authority to give some thought to that—spending some money, and even setting up

shops, to assist the Army, which is moving all the time, and does not have the machine shops and places of that sort, to reclaim this machinery and save millions of dollars worth of material, and also shipping space that would likewise be saved. Has any thought been given to that?

Mr. STETTINIUS. You are entirely correct, Mr. O'Neal. We have given thought to that. For example we have given a great deal of careful study both on the ground and in Washington to the question of rehabilitating equipment already in China; rather than sending new trucks, we rehabilitate them by sending spare parts so far as this is possible.

Mr. O'NEAL. Would it be feasible to put shops there and that sort of thing, which it seems to me would save so much shipping, because it is a tremendously wasteful thing in any army, in any war, as they have not the facilities to do that.

Mr. STETTINIUS. Actually, in north Africa, that is being done. In this budget——

Mr. O'NEAL. It is being done by the Army, or done by some outside agency?

Mr. STETTINIUS. It is being done by the Army for their own equipment.

Mr. O'NEAL. Well, they just have not the personnel to do that sort of thing and keep up the machinery for actual use. I am talking about a reclaiming proposition.

Mr. STETTINIUS. In our budget we are asking you to approve $25,000,000 for spare parts for motor vehicles, trucks, and so forth.

Mr. O'NEAL. I do not want to prolong this, but I know the Army has not got the facilities to go back and get what it has left behind, and there is millions of dollars worth of material where it may be a spark plug that is all that is needed, that is just left there, and it would be an economy and increase the amount of material tremendously if somebody took over that job of reclamation.

Mr. STETTINIUS. It is a very important suggestion and we will pursue it.

BASIS FOR ESTIMATES FOR 1944

Mr. O'NEAL. I would like to ask, also: Your estimates are based on experience largely of the last year; is that correct?

Mr. STETTINIUS. No. We look to the year ahead, with the turning over of a fresh page, based upon the basic requirements of the lend-lease countries at the present time. Actually, we hope to send substantially more food in 1943 than we sent in 1942. We sent about 6 percent of America's food production in 1942; we hope to send 10 percent in 1943.

Mr. O'NEAL. Then your estimates are not based just on your experience of last year, but your estimates are based on what your future experience you hope will be?

Mr. STETTINIUS. That is right.

Mr. O'NEAL. In other words, you hope to have more ships and fewer sinkings?

Mr. STETTINIUS. That is right.

Mr. O'NEAL. If you have more sinkings, you would have less to give to them?

Mr. STETTINIUS. That is right.

Mr. O'Neal. But if you have fewer sinkings your appropriations then would not be sufficient to take care of what you feel you should send over there?

Mr. Stettinius. That is one of the reasons why we are requesting a contingency reserve fund in category 9.

Mr. O'Neal. And if you had a better experience, you would be able to supply more which they could use in a very satisfactory way?

Mr. Stettinius. That is a splendid statement.

AIDS TO FISHING INDUSTRY FOR INCREASING SUPPLY OF FISH

Mr. O'Neal. And I would like to ask this, because it is mentioned in the papers a great deal: Why is not more done as far as the fish industry is concerned, either in this country or other countries? It may be you do not know, but you see currently in the papers that with a little money supplied to the fishing industry they could increase the supply of fish tremendously both on our shores and off some other shores across the seas. The fish supply—I do not know what the percent is—could be tremendously increased.

Mr. Stettinius. Mr. O'Neal, I am a member of the Food Requirements Committee and about 8 months ago the falling off in the fishing catch as a result of men being drafted and the Navy's taking over the fishing boats was very serious. There was a tremendous drop. Recently, I am advised—and there is a representative of the Department of Agriculture here who can perhaps correct me or support me—that as the result of an arrangement made between the Department of the Interior and the Navy, many, many vessels have been turned back to the fishing industry that had been taken, and also manpower has been made available. I understand the outlook for 1943 is much brighter than in 1942, as far as fishing is concerned.

Mr. O'Neal. Does that also apply to countries in Europe?

Mr. Stettinius. Is that correct, Mr. Hoofnagle?

Mr. Hoofnagle. That is correct. And, further, we have the Alaskan bill, by which we hope to obtain an additional fish catch this year.

COST OF PREPARING DEHYDRATED FOOD

Mr. O'Neal. There is one thing more I would like to ask, and that is on the cost of preparation of this dehydrated food. Of course, I understand the purpose of it (and it is a very proper one) is to save shipping space. But what would be the relative cost of this food with the shipping item not considered? Have you any statement you can make along that line?

Mr. Stettinius. We have, to date, spent less than $5,000,000 on financing dehydrating plants throughout the entire food industry. That runs into several hundred plants.

Mr. Hoofnagle. That is right. There are practically 215 dehydrating plants in operation now.

Mr. O'Neal. I mean, is it an expensive process to dehydrate foods?

Mr. Stettinius. No; it is not. These dehydrating units are very simple; they can be moved on about three or four trucks, and at one time it was even considered making a portable unit that could be taken into the field so that the food could be dried and processed there.

Mr. O'NEAL. Taking that same amount of food, the cost of furnishing that to the soldier dehydrated and not dehydrated, exclusive of the advantage of saving shipping space, would be about what?

Mr. STETTINIUS. There is no substantial difference in the cost of the food, because the handling charge is less.

Mr. O'NEAL. Then that is not an economy?

Mr. STETTINIUS. No; there is a great saving in shipping space.

Mr. O'NEAL. What about the packaging? I notice that is very simple.

Mr. STETTINIUS. Very simple. As a matter of fact, these eggs [indicating] are going to be compressed in a tile factory, and even in a plant that makes bricks out of coal, which is going to compress the eggs into briquettes. They will be packaged in waxed paper and cardboard cartons. It is very simple and inexpensive.

Mr. O'NEAL. And they do not deteriorate in such packages as you have there; there is not any spoilage or deterioration in that type of package?

Mr. STETTINIUS. Of course, you realize this whole development is only 18 months old. There has been some spoilage, but I have received some very encouraging information from the Department of Agriculture on this whole development.

(After discussion off the record:)

Mr. O'NEAL. Thank you.

Mr. RABAUT. Mr. Chairman, I just want to say one thing for the record, then I want to ask a question off the record. For the record, I want to say I endorse highly the expression of sentiment made by my colleague from Virginia, Mr. Woodrum, in regard to the splendid presentation today by Mr. Stettinius and his group.

(After discussion off the record:)

DISTINCTION BETWEEN TRANSFER AND EXPORT OF LEND-LEASE MATERIAL

Mr. TABER. This morning, on page 5 of your statement, I noticed some of the things there did not exactly jibe with some of the charts. For instance, you had 9.1 billion as the amount transferred to May 1, and you refer to chart 2, and that jibes. But when you get over into one of the other charts a little further along——

Mr. STETTINIUS. Mr. Taber, I think I can clear up what is in your mind, sir.

Mr. TABER. Go ahead.

Mr. STETTINIUS. I think there is confusion in your mind over the technical meaning of transfers as compared with exports. Exports are one thing—they represent goods which have left the country. Transfers of lend-lease aid in this country are another thing. Transfers include services such as ship repairs and the construction of plant facilities in this country. Moreover, the sources of information which we use for obtaining records of transfers are different from our sources of information on exports. Therefore, you will never find in our statistics or charts that exports and transfers are the same. If you will look only at "transfers" you will find the figures are consistent, and if you will look at "exports" they will be consistent. But if you look at them together, they won't be the same for the reasons I have given.

MONTHLY EXPENDITURES

Mr. TABER. About how much money per month are you spending?

Mr. STETTINIUS. The average recently for a month has been around $600,000,000 of aid rendered.

Mr. TABER. How much money are you spending? That means your total outgo.

Mr. STETTINIUS. There is a statement in the binder on that, Mr. Taber.

Mr. TABER. Your table about the exports shows they are running up into about 700 million last month and averaging, maybe, over the last 6 months, something like 550 million, perhaps; but I did not see how much you had spent.

Mr. STETTINIUS. Could I get you up a statement? It is around about 600 million, including what the Army and Navy are doing for us. I will be glad to get up a statement for you.

Mr. TABER. I would like to have that, if I may.

Mr. STETTINIUS. And put it in the record.

The CHAIRMAN. You can submit that for the record.

Mr. TABER. And, if you can, bring it up in the morning.

Mr. STETTINIUS. Yes.

(The matter referred to may be found on p. 138.)

ELECTRICAL EQUIPMENT FOR RUSSIA

Mr. TABER. Now, you told us on page 26 of your statement that an important item of the Soviet budget was * * * for electrical equipment to provide power. What percentage of it is permanent installation? It all is, is it not?

Mr. STETTINIUS. It all is in one way, sir; but our policy has been, as far as industrial installations for any lend-lease country are concerned, only to rehabilitate destroyed facilities or to put in new facilities that can be of benefit in the prosecution of the war.

Now, for Russia, for example, there are * * * steam plants; there are * * * small mobile Diesels and * * * hydros. In discussions withthe Russians, we have satisfied ourselves that these electrical installations are required to rehabilitate industrial establishments that have been destroyed by the Germans or that are needed to add to their production facilities. Nothing goes forward unless we are assured that it is urgently required for the prosecution of the war and will be in production in Russia in a reasonable length of time.

Mr. TABER. For instance, you have * * * for electrical equipment on page 26 of the statement, at the top of the page.

What can you tell us about that?

Mr. STETTINIUS. It is page 27 of the big code sheet—electrical equipment, material and supplies.

Mr. TABER. I see.

Mr. STETTINIUS. On page 29, you will find the total fiscal code, * * * under Russia. On the left-hand side, at the bottom, there is * * * for Russia on the electrical equipment, material and supplies. And the explanation of that is on the preceding sheets, 28 and 27, where we speak of electrical furnaces.

WEDNESDAY, MAY 5, 1943.

WAR SHIPPING ADMINISTRATION

STATEMENT OF REAR ADMIRAL EMORY S. LAND, ACCOMPANIED BY WILLIAM U. KIRSCH, BUDGET OFFICER, MARITIME COMMISSION

PROGRAM OF WAR SHIPPING ADMINISTRATION UNDER LEND-LEASE

The CHAIRMAN. Admiral Land, in the Budget estimate before the committee for the 14 months' period commencing May 1, 1943, and ending June 30, 1944, there is a total of new funds of $1,812,007,000, plus the continuance in the 1944 figure of $146,954,000 of unobligated previous funds, making a total of $1,958,961,000, to be administered through the Maritime Commission and the War Shipping Administration. In addition, funds are included for administrative expenses of these two agencies totaling $1,665,059.

According to the data presented by Mr. Stettinius, the funds which come under Admiral Land's jurisdiction are as follows:

Category 4: Procurement of watercraft, $81,907,000; equipage, services, supplies, and materials for vessels, $183,000,000, and rental and charter hire of vessels, $1,414,754,000. That makes a total for category 4 of $1,679,661,000.

Now, category 8, repair and reconditioning vessels, $279,300,000.

Category 10: Administrative expenses, Maritime Commission, $433,548, and War Shipping Administration, $1,231,511, making a subtotal for those two administrative expenses of $1,665,059, and a grand total for the three categories of $1,960,626,059.

I take it for granted that you have a prepared statement, Admiral Land.

Admiral LAND. Yes, sir.

GENERAL STATEMENT

The CHAIRMAN. If you wish, you may give us that statement, and we will not interrupt you until you have completed it.

Admiral LAND. It is fairly brief.

The Maritime Commission and War Shipping Administration portion of the fourth lend-lease budget which you have before you covers the cost of transporting essential war material to lend-lease countries. It also covers the dollar expense of repairing, supplying, and servicing vessels of lend-lease countries, and the procurement of various craft for lend-lease countries.

The expenditures which lend-lease incurs for vessels of the lend-lease governments is confined to expenses incurred in the United States and requiring the payment of dollars, that is, the repair and arming of ships in United States repair yards, fuel, ship's stores, loading, and any other expenses incurred by these vessels in American ports. The wages which are paid to the officers and crews of the vessels of lend-lease countries, and commissions paid to agents, are not paid under Lend-Lease. We have a similar arrangement with the British whereby they pay the sterling expense on our ships in the United

Kingdom and the British colonies as we pay the dollar expense on their ships in the United States. Such arrangements are also in effect for Australia, New Zealand, and India.

The lend-lease budget for shipping services and supplies and ship repairs will be higher the next 14 months because we expect to service an increased number of ships. There will also be an increase in the number of sailings of United States vessels which require lend-lease payment of operating expenses. Lend-Lease pays for services and supplies for shipping only when the ships are carrying lend-lease goods. There are no lend-lease payments for voyages of American vessels which do not carry lend-lease goods, but, where a lend-lease voyage is undertaken with an American vessel, Lend-Lease pays the freight on lend-lease cargoes.

Mr. Stettinius asked me whether the War Shipping Administration would be able to ship the program of lend-lease exports for which an appropriation is being asked, amounting to some 19.4 million tons of dry cargo between May 1, 1943, and July 1, 1944. My answer is yes, this program will be shipped, although not all of it will be carried in American controlled vessels.

Our own merchant fleet is capable of transporting over 12.3 million tons of dry cargo on lend-lease account to all shipping theatres during the calendar year 1943. The British and Russian fleets will be able to lift over 10.5 million tons of exports from North America in the same period. In the 6 months from January 1 to July 1, 1944, however, we will probably be carrying goods at a higher rate than the 12.3 million tons in 1943, so that I feel safe in saying that the lend-lease program of 19.4 million tons of dry cargo shipments outlined by Mr. Stettinius is assured of transportation between now and July 1, 1944, on the basis of the figures I have just given you.

All shipping under United Nations control after setting aside the shipping required for military operations can carry on existing routes over 20,000,000 tons of lend-lease goods between May 1 of this year and July 1, 1944, including both nonmilitary and military items. It goes without saying that these figures for shipping available relate only to shipping for lend-lease, and do not include shipping required for our own military and naval operations, and those of our allies, nor to supply our island possessions with military and civilian goods.

To summarize, the portion of this appropriation which the Maritime Commission is interested in relates to the construction of small craft for China and the Fighting French, a total of $3,407,000. The estimates submitted by the War Shipping Administration include the charter and operation of vessels, servicing and supplying and repairing vessels of lend-lease countries, the procurement of small and large craft, and the purchase of machinery, equipment, and so forth, a total of $1,955,554,000. For administrative expenses, Maritime Commission, $433,548; War Shipping Administration, $1,231,511; total administrative expenses for both agencies, $1,665,059.

The grand total for all categories is $1,960,626,059 and the detailed break-down of the requirements of both agencies is included in the Lend-Lease Administration's submission of Budget estimates.

LOSSES DUE TO ENEMY SUBMARINE ACTIVITY

The CHAIRMAN. Now, Admiral Land, before we go into the details of your statement, the papers for the last 2 days have carried rather disquieting reports of the amount of losses by submarine operations of the enemy, and according to the reports made we have lost more than 1,000,000 tons in excess of what we have been constructing. We have been led to believe all along, or at least we hoped, while the losses are heavy, they were not so heavy that we are not building faster than they are sinking them, but apparently the loss has been tremendously in excess of all that we have been able to construct.

Tell us something about that as applied to merchant ships; whether it applies both to American shipping and United Nations shipping, and also from the total tonnage picture whether we are holding our own, gaining, or losing.

Admiral LAND. The figures mutually arrived at between the Truman committee and the Secretary of the Navy are correct insofar as any of us know. The figures with regard to the American flag show a very marked increase of building over sinking. That is particularly true of dry-cargo ships. The figures as of today will reverse the statements that have been made, because in the month of April alone we delivered as completed ships, 157 with a little better than 1,600,000 tons. If we were 1,000,000 tons shy, the end of March, we more than made up that loss.

The CHAIRMAN. If you think it best, we will not put the figures on the record, but we would like to have an accurate report.

Admiral LAND. Whatever losses were stated at the end of March we have made up and have built something in addition.

Our own United States figures, which I have given you, are well known. Canadian figures are not so well known. British figures are not known except confidentially and minor buildings in other United Nations, although they are small and small tonnages, are of importance even though they are only for coastal purposes, so that the picture is not anywhere near so discouraging as one might be led to believe.

The United Nations' picture, however, is serious, and as I have stated to this committee many times, I am still of the opinion that as long as the war lasts we are not going to have enough ships to accomplish all the purposes that the people of the United States would desire, and I include in that, naturally, not only Army and Navy, all lend-lease activities, and United Nations' activities, but the goodwill neighbors to the south of us as well as our own civilian requirements. We will have no difficulty in occupying all the ships we can produce as long as the war lasts.

The CHAIRMAN. Off the record.

(Discussion off the record.)

The CHAIRMAN. We are interested in knowing if we are maintaining tonnage of American shipping.

Admiral LAND. We are, and we are not only maintaining our position but also gaining, so far as the American flag is concerned, very materially, and we are also gaining on United Nations losses.

INCREASE OF SHIP PRODUCTION FACILITIES

The CHAIRMAN. How about our construction facilities? Are they moving up? Are we able to produce more shipping as time goes by?

Admiral LAND. We are 60 days ahead of our schedule as to the number of ships per day. We delivered five ships per day in March, and we beat five ships per day in April. We told you last fall, the last time we were up here, that we would not reach that until May. We are 60 days ahead of it. We will continue at an average rate of 19,000,000 tons per year throughout the calendar year, provided that we get steel and are able to obtain our manpower.

Last year we just mentioned steel to you. This year we are up against the manpower problem the same as the whole United States. But we actually hit 1.6 million tons for the month of April, which is better than 19,000,000 tons per annum, and I think that it is going to improve.

The CHAIRMAN. We are gaining at what percentage, then, by years? It is not sufficient that we hold our own, Admiral Land, because we must keep pace with expanding demand and with the increased necessity for more shipping all the time.

Are we expanding our production of ships at a ratio that will keep pace with our expanding needs?

Admiral LAND. We have expanded to the limit of capacity of both steel and manpower, in my judgment. We have a capacity now at a minimum of 20,000,000 tons and a maximum of 23,000,000 to 25,000,000 tons, provided steel and manpower are available. That is a higher figure than we have ever given you before. We have always stood on 20,000,000. But with the improved rate of construction, and the improved methods of construction, and with improved morale between labor and management, it is quite possible that we could do better than 20,000,000 tons at any time from now on, if the steel and the manpower are available. There are no more yards contemplated. We have finished with construction of new yards. We have finished with facilities except in existing plants.

The CHAIRMAN. That is a very encouraging report on our own shipping. What about the Allied Nations' shipping?

Admiral LAND. They have reached their peak so far as production is concerned, within reasonable limits, so far as we know. There will be little or no increase on that, but the over-all picture will be that our buildings, plus their buildings, will be greater than the submarine sinkings, or other marine casualties. I want to include everything because that is where some confusion comes in. Some people talk about submarine sinkings and some talk about marine casualties. I am talking about marine losses of all kinds. We are on top of it right now, and on the basis of Admiral King's statement, where he has said that the submarine menace will be under control within 4 to 6 months, it is my firm belief that we are never going to fall below that curve again. It will be slowly on the up-and-up, so that the construction will slowly increase as compared to sinkings.

Now, I think you know that Admiral King is a pretty conservative gentleman, but I believe that we are on top of the situation. I do not mean for a minute that the submarine menace is completely

licked. As I have frequently stated you cannot cure it. It is like the common cold. You can ameliorate it, you can get on top of it, but you cannot completely cure it.

The CHAIRMAN. Of the record.

(Discussion off the record.)

DISCUSSION OF RETENTION OF TITLE OF SHIPS TRANSFERRED TO OTHER COUNTRIES

The CHAIRMAN. In your estimate here there is $81,907,000 for the procurement of watercraft. We have in legislation heretofore with this in view very carefully provided that while we should lease these ships to foreign nations, we would retain title to them.

Now, I realize that inhibition does not apply to lease-lend funds, but we have firmly and emphatically established the policy that while we shall turn these ships over to foreign nations for their use during the war and during the emergency, and contribute in every way possible to the service of them in the winning of the war, at the same time we are to retain title and the ships are to be returned to us after the war. Do you not think that probably should have been observed in this instance? What reason is there for adopting a new policy here—the transfer of these * * * cargo ships?

Admiral LAND. So far as new ships are concerned, with the exception permitted by law, there is no idea, no policy and no desire to transfer title. So far as the item in this bill which you refer to is concerned, that is in there primarily to cover older ships as they become available for specific purposes and specific routes.

That item is put in there for the purpose of the all-out effort of the war, and it is left to the judgment of lend-lease and ourselves as to what ships should go and when they should go, and we do not know just what they are. But there will come a time when there will be some smaller and older ships that will be particularly adapted to, or reasonably adapted to, these special purposes, and which could be transferred under existing law without any interference with our other major efforts and at the same time relieve our newer tonnage for other purposes.

(Discussion off the record.)

CONSTRUCTION OF SMALL CRAFT

The CHAIRMAN. I see also that you are providing * * * for the construction of small craft for Russia and * * * for the construction of small craft for Britain. Is that to be turned over to them fee simple?

Admiral LAND. Oh, yes; for those small craft.

The CHAIRMAN. And those craft will become their craft?

Admiral LAND. We have been doing that right along.

The CHAIRMAN. Are we building these ships, or are they being bought?

Admiral LAND. We are building them. All of that small stuff we are building.

The CHAIRMAN. And delivering it abroad?

Admiral LAND. That is correct.

The CHAIRMAN. Also, you are providing * * * for the construction of small craft for China.

Admiral LAND. Yes.

The CHAIRMAN. And you are providing a certain amount, it seems to me a small amount, of * * * for small craft for the Fighting French.

Admiral LAND. That is right; China and the Fighting French. Those are Maritime Commission items that are relatively small. The Chinese is * * * for * * * powerboats and * * * freight barges.

The CHAIRMAN. What is the need of those?

Admiral LAND. I would rather give that off the record.

(Discussion off the record.)

SUPPLIES, SERVICES, AND MATERIALS

The CHAIRMAN. Then there is an item of $183,000,000 for supplies, services, and materials, and I believe that there is about * * * for Russian vessels and * * * for British vessels. That is for Russian and British special vessels which are operating under the Russian and British flags; is that right?

Admiral LAND. That is right.

The CHAIRMAN. Well now, this servicing that we give those vessels when they come into our ports, do we receive corresponding services when our vessels are in their ports?

Admiral LAND. That is correct. We do.

The CHAIRMAN. And do we supply that service for ships that carry anything else than lend-lease cargoes?

Admiral LAND. Well, we may, but generally speaking, if it is done, it is segregated and the charges are made as a proper accounting procedure and are put where they belong.

The CHAIRMAN. I do not suppose there is any such thing as a merchant ship carrying a cargo that would not have military or lend-lease supplies as a part of the cargo?

Admiral LAND. Not so far as these estimates are concerned. If we can pick up anything when coming back from some of these places rather than put these ships in ballast, we do it. But so far as lend-lease is concerned, that is a correct statement that you made.

RENTAL AND CHARTER HIRE OF VESSELS

The CHAIRMAN. Now, the item of $1,414,754,000 for rental and charter hire of vessels is broken down into several amounts.

For instance, here is $928,454,000 for charter hire and operation of dry-cargo vessels. Are they American-flag vessels?

Admiral LAND. Yes; or American-controlled vessels, one or the other.

The CHAIRMAN. And under the American flag?

Admiral LAND. Yes; or American control.

The CHAIRMAN. I see that you have got * * * on account of sailings to Russia, * * * to the British Empire, * * * to China, and * * * for the Fighting French. That is all in that item.

Also, there is charter hire for foreign-owned vessels for sailings to the British Empire, * * *. Under what flag do these ships sail? Who controls that?

Admiral LAND. Some we would control and some the British would control.

The CHAIRMAN. It speaks of them as "foreign-owned vessels."

Admiral LAND. That is right.

The CHAIRMAN. Some we control ourselves?

Admiral LAND. Some we control and some the British control.

The CHAIRMAN. Russia, France, and China have no interest in those?

Admiral LAND. No. Mr. Chairman, they are generally under British and American control. It comes back to the Combined Shipping Adjustment Board pool of which these Norwegian or other foreign vessels are a part. The pool is controlled by the British and ourselves. In London, Mr. Averill Harriman is our representative, and in Washington, Sir Arthur Salter is the British representative.

The CHAIRMAN. Here is also the transportation in United States operated vessels to the British Empire, * * *. Are those operated by the Army and the Navy?

Admiral LAND. No, sir. That covers lend-lease cargoes only that are in these ships. The full cargoes may not be completely lend-lease. They may be anything you like in order to effect shipping economies.

The CHAIRMAN. And this item, tanker assistance to the United Kingdom and British Empire, * * *. Give us a little information about that.

Admiral LAND. There are about * * * tankers in service now, and * * * are earmarked as new tankers for this service and * * * will probably come in in order to maintain adequate oil supplies for the united allies, and for ourselves when we are domiciled in these foreign countries so that in round numbers it amounts to about * * * tankers. The deadweight is close to * * * — a little less than that—and the estimate is calculated on the same basis as the dry cargo ships.

The CHAIRMAN. The total, then, for the British Empire in this category is * * *, Russia, * * *; China, * * *, and the Fighting French, * * *.

DISCUSSION OF RATES FOR CHARTER HIRE

Now comes a matter in which we are particularly interested, Admiral Land, and that is this matter of charter hire. There has been violent criticism both in the papers and out of the papers that the amount paid for these vessels was excessive. It has been claimed that the hire for one of these ships would pay for the vessel.

Admiral LAND. You are speaking of one specific subject, are you not, because there is no claim that I know of of excessive rates except the Red Sea rates.

The CHAIRMAN. That is what we would like to know. We have heard these charges that exorbitant rates are being charged and it has appeared in the newspapers and we have heard it around the

corridors of the House, that the charges were excessive and somebody was at fault and some steps ought to be taken immediately, if not already taken. Just give us a general review of that subject. We would like to know, in the first place, who charters these vessels, makes these contracts, has the say-so, and how rates were fixed, and especially we would like to know if these rates are exorbitant, and if they are exorbitant, we would like to know the steps being taken, or that have been taken, to reduce them to a reasonable figure. Just give us a general résumé of that whole subject.

Admiral LAND. As for the Red Sea voyages, in the first place, the Maritime Commission is responsible for fixing the rates. In the second place, the ships operated under the control of the British Ministry of War Transport. In the third place, they were lend-lease cargoes. The total gross revenue in the 90 voyages of the privately operated ships was $51,000,000. Of this amount $19,000,000 represented intermediate and return revenue not paid out of lend-lease. The total revenue derived from the Commission's payments on account of lend-lease was therefore approximately $32,000,000. That is 90 voyages. Sixteen voyages were made by Maritime Commission vessels. The figures that were given out, of course, came from us, but they left out overhead, depreciation, taxes, and therefore give a somewhat erroneous picture. The conditions under which these ships were chartered were very unique and very unusual. The directive from the President was for 2,000,000 tons of shipping. The going rates were about $1 or $1-plus per cubic foot at the time. After considerable negotiation and sparring back and forth, we finally got down to a rate of 75 cents.

We thought it was high at the time, but we had three unknowns—the danger, the turnaround, and the return cargo. We had lost ships already over there by bombing. People were reluctant to send them into the Red Sea, and on the basis of commercial rates then in vogue, which were about the highest they have been during this war, we managed to bring them down below, still feeling that they were high. They were high. The dangers involved were not as great as expected. The turnaround was shorter than expected. The return cargo was greater than expected.

In November, after we had gotten in about 60 percent of these returns, the Maritime Commission called a conference of the operators in Washington and told them the story. We asked them to consider the matter, gave them the basis for consideration, and in view of the fact that they had made more than they anticipated and much more than we anticipated, we suggested that they ought to pay some compensation back to the Government. They took it under consideration. For a long time nothing happened.

I should like to put in the record at this point a press release of the Maritime Commission dated May 7, 1943:

(The matter referred to is as follows:)

First of the 19 American shipping companies which engaged in Red Sea space charter operations in 1941 and 1942 to make voluntary refund of excess profits, the Weyerhaeuser Steamship Co., of Newark, N. J., has remitted $199,720.64 to the Maritime Commission, the Commission announced today. The company already had made its income tax return for the 2 years obligating payment of $512,516.21 on excess income derived from the Red Sea operations. Thus the total adjustment obtained by the Government amounts to $712,236.85, approximately 51 percent of the total profit stated by the company to have been earned

in five Red Sea charter voyages. It was stated that current average earnings by owners of vessels chartered to the Government under prevailing schedules are less than one-third the 1941 Red Sea earnings which are the subject of the adjustment.

Hearings on the Red Sea charter profits were held last month by a special subcommittee on charter rates of the Committee on Merchant Marine and Fisheries of the House of Representatives.

In a conference with some of the steamship owners in November, War Shipping Administrator Land asked them to agree voluntarily to an adjustment of the rate which had been charged the British Ministry of War Transport on the voyages to the Red Sea and the Persian Gulf. At that time he asked that the adjustment be based on the reduction authorized by the Maritime Commission from 75 and 60 cents per bale cubic foot of the entire under-deck cubic capacity of the vessels to 60 cents per bale cubic foot for 80 percent of that capacity and with no payment for cargo carried on deck. It is substantially on that basis the Weyerhaeuser Co. has made its refund. One other company has already indicated its willingness to comply with the November adjustment.

In transmitting payment to the Commission the accompanying letter from the Weyerhaeuser Co. stated, in part:

"While we believe no criticism could attach to the Commission, to the Lend-Lease Administration, or to the operators by the reason of the fixing of the charter rates applying to these voyages, the profit results, which could not reasonably have been anticipated, were such that we feel we cannot in good conscience refrain from responding to a suggestion made by you [Admiral Land] some time ago to a group of operators (not including ourselves, although the situation was applicable to our situation), that restitution be made upon space rates which in your judgment would have resulted in adequate profits.

"We reach this conclusion despite the fact that the charters were not with or for the account of the United States but with the British Ministry of War Transport; that all of the charters were entered into and largely performed prior to the involvement of the United States in the war; that there was no unfairness in the making of the charters or the fixing of the charter rates; and that, there being no legal means whatsoever whereby restitution might be enforced, any such adjustment would be wholly voluntary on our part.

"In your conference with the group of Red Sea operators, you suggested that voluntary restitution based on any one of three alternative methods of computing charter hire would be satisfactory. We have computed the amount of charter hire which would have been paid this company under the second of those alternatives, to wit: 60 cents per ton on 80 percent of capacity."

Since the hearings before the House subcommittee, the Maritime Commission and the War Shipping Administration have continued negotiations with the various steamship operators in an effort to induce such voluntary action as has been taken by the Weyerhaeuser Co. In today's announcement it was pointed out that these negotiations will be continued further.

The Red Sea operations were the result of action by the Commission under directive from the President to assemble a pool of two million tons of merchant shipping for use in the national defense effort. This action was taken prior to Pearl Harbor. The Commission was directed to make available to the British Ministry of War Transport enough tonnage to carry out an urgent task of military supply in north Africa.

The high profits resulted because the actual experience with the Red Sea venture proved that the hazards of war were not so great as had been feared, that delays encountered were not extensive on the average, and that the operators obtained return cargoes with comparative ease and in substantial volume. The time element which loomed so large when the voyages were undertaken did not prove a material handicap in the majority of cases. As a result, the returns to most of the operators whose ships made the Red Sea voyages were out of line with what had been anticipated.

(Discussion off the record.)

The CHAIRMAN. You are taking every step to secure readjustments?

Admiral LAND. Yes. I have been trying to show these people the error they are making from a war-profits point of view, and the future of the American merchant marine. They ought to be big enough to see it.

I think we can clear this matter up in a very short length of time. It is going to be handled, and at least Judge Bland has been kept informed of the matter as it stands.

I think that they will come across, most of them.

The CHAIRMAN. That is a very fine spirit, and it is highly admirable, both on your part and their part, that they are consenting to readjustments, and I trust you will have no trouble in getting 100-percent readjustment.

Admiral LAND. This is something that I have been very much chagrined over because it was bad judgment on our part, but we had little premise from which to draw a conclusion. I have bunches of data here on this matter, but I do not want to clutter your record up unless you desire me to insert the data.

Mr. LUDLOW. I think that your statement is impressive and convincing, and I think that something of that nature, whatever you feel is appropriate, should be in the record.

The CHAIRMAN. If it is necessary to elaborate what you have said, you are at liberty not only to eliminate but you may add to what you have said, so as to give us a real picture of the situation. I think that the public ought to have it and that your course on the matter is highly laudable.

METHOD OF ARRIVING AT CHARTER HIRE COSTS

I want to ask this: In estimating the number of sailings, and in estimating the costs, are they arrived at largely by guesses, or do you have a dependable formula under which you make those estimates?

Admiral LAND. We have a great deal of precedent. The estimates are based on actual records today. On this Red Sea matter, we did not have anything except the commercial rates which were much higher than we gave these people, and on which they were making money, engaged in commercial transportation services.

The CHAIRMAN. I think the error made was due to the fact that you had no data upon which to make estimates.

Admiral LAND. We had no data on the turn-around and the comeback cargo. When I say that I am chagrined at this, even if I had to do it over again, I probably would not get much under the going rate because we were dealing with some pretty hard-boiled eggs, and conditions were against us.

The CHAIRMAN. There is a lot of difference in looking back after it has transpired and looking ahead when you have no information to work on.

Now, on the opening of the Mediterranean which we anticipate in the next few weeks, that will probably require very drastic readjustment. Will not that completely disorganize all your estimates up to the present time?

Admiral LAND. Not so much, Mr. Chairman. I hope that it will make a drastic readjustment on the economy of shipping, but the costs will be just about the same, except that we will get more use out of our ships. The voyages will be shorter.

The CHAIRMAN. The voyages will be shorter and the risk much less.

Admiral LAND. The letter to my mind, is a question, because until you eliminate the German and the Italian menace and drive them

out of the Mediterranean, plus the air menace, even though you are in the Mediterranean, you are right in easy fighting distance of the coast of France and Italy, so that you are running into rather a dangerous situation from a shipping point of view, even though we assume that we have control of the air. I would not reduce the danger on it so much until we see the picture a little more clearly than we do now, because knowing something about the Italians, they do not like to go far out to sea, but they are pretty good close to home.

The CHAIRMAN. That is another matter on which you have to have a little more information before you can reach a decision.

MONTHLY RATE OF EXPENDITURES FOR CHARTER HIRE

The CHAIRMAN. What will be your monthly rate of expenditure for charter hire under lend-lease funds?

Admiral LAND. Our estimates are on a time charter basis, $4.10 for dry cargo and $3.70 for tankers, and, for bare boat, a dollar.

The CHAIRMAN. What has been your monthly rate of expenditure?

Admiral LAND. I would have to ask Mr. Kirsch to give you that.

The CHAIRMAN. Can you give it to us now, or will you have to supply it?

Mr. KIRSCH. I will have to put it in the record.

Mr. TABER. Why can he not give it to us now?

The CHAIRMAN. If he has it, we will let him get it out now.

Mr. KIRSCH. I do not have it on a monthly basis; but, for the entire operating period up to February 28, 1943, the Maritime Commission, up to February 1942, when it was operating these ships, prior to the War Shipping Administration, for the rental and charter of vessels under category 4 was $43,000,000; and, on tankers, it was $20,000,000. That was in the charter and operation of ships. The War Shipping Administration, since it took over——

Mr. TABER. What date was that?

Mr. KIRSCH. In February 1942, and this is up to February 1943. Rental and charter of vessels, our liabilities there were $422,000,000 on dry cargo and $91,000,000 on tankers.

REPAIRS AND RECONDITIONING OF VESSELS

The CHAIRMAN. Now, you have an item here, Admiral, of $279,300,000 for repairs and reconditioning of vessels. Those vessels are foreign-flag ships carrying lend-lease and war supplies, are they?

Admiral LAND. Yes, sir.

The CHAIRMAN. What kind of repairs and what kind of reconditioning are involved there?

Admiral LAND. Well, the arming, degaussing, replacement of completely broken down equipment of any kind, be it a pump, a motor, or a windlass, and voyage repairs, and fitting for troops or additional troops, and various and sundry changes that the war effort has indicated are essential.

The CHAIRMAN. Is that ordinary wear and tear which would be expected, or is that due to war damage?

Admiral LAND. Some of it, of course, is due to war damage; but the most of it is due to additions that are incidental to the war

effort, such as degaussing, or increasing the space for troops, or increasing the space for crews.

The CHAIRMAN. Does it include drydocking, overhaul, or ordinary voyage repairs?

Admiral LAND. Drydocking and overhaul are ordinary voyage repairs, but there are some extraordinary repairs which are arming, degaussing, and so on. Primarily, we are getting a lot more guns for these ships, as you know.

The CHAIRMAN. Then antiaircraft-gun installation is a part of this expense?

Admiral LAND. Yes, sir.

The CHAIRMAN. As a matter of fact, some of these vessels come in in pretty bad shape from submarine damage, do they not?

Admiral LAND. Oh, they come in with everything, including coming in in halves. It is truly remarkable that some of them ever get in at all. We have had a number of cases of ships coming in in halves. In fact, we have one notorious case in which she has come in twice in halves, the tanker *Bloom*, which was blown up in a mine field first and then stranded and broken in two again, and will still be operating as a tanker of about 16,000 tons' capacity in a very short time.

The CHAIRMAN. Of the $279,300,000, $ * * * is on account of Russian vessels; $ * * * British Empire, $ * * * and $ * * * for other countries. Now, included in this latter amount is $ * * * on account of Norwegian vessels, and $ * * * not earmarked as to nationality. What is that $ * * * for? Why did not you indicate its purpose, as well as the remainder of that fund? There is $ * * * on account of Norwegian vessels and $ * * * not earmarked as to nationality.

Admiral LAND. There are a number of countries that are not earmarked here, which get a little bit of help and we never know what the Congress or the Administration may do to provide these countries assistance in the form of repairs to their ships. That is put in there to cover those.

The CHAIRMAN. What countries, for example, might be included there?

Admiral LAND. This, as you gentlemen well know, is a kind of fluctuating thing—about these smaller countries. So that this is a relatively small item as a kind of catch-all to cover ourselves on the thing.

The CHAIRMAN. Do you consider this $279,300,000 is a pretty accurate estimate?

Admiral LAND. I think it is far better than we have ever submitted before, because it is based on experience.

The CHAIRMAN. It is based on experience?

Admiral LAND. Oh, yes. I might add, for the benefit of all of you, if you appropriate this money and we do not find the necessity for spending it, I do not care whether it is Russian ships or Greek repairs, we are not going to spend it.

The CHAIRMAN. Now, this item will also be affected, will it not, by the opening of the Mediterranean? If so, to what extent?

Admiral LAND. This small item here?

The CHAIRMAN. Yes.

Admiral LAND. Yes, indeed.

The CHAIRMAN. Now, this amount for repairs and reconditioning—that will be materially affected if the Mediterranean is opened?

Admiral LAND. Very much so, and probably will be increased.

The CHAIRMAN. You say it will be increased?

Admiral LAND. I would not be surprised. As you probably know, we are getting a lot of foreign ships out of north Africa and all the way over to Dakar and around, that we never expected to get our hands on. The repair facilities are such that you cannot do the repairs there, and as long as they can be moved at all, we are sending them through the Mediterranean, sending them over here, and doing the repairs ourselves, even if all we do is scraping the barnacles off of the bottom and doing just enough to bring them over here and repair them.

The CHAIRMAN. If you shorten your lines of communication, in some cases almost half, and especially if you keep vessels out of tropical waters, where naturally voyage repairs are greater, would it result in a reduction rather than an increase of expenditures for this purpose?

Admiral LAND. I wish I knew. I do not really know. You may be quite right, but you may not be, because it depends altogether on how completely we get in control there. And the original amount is going to be increased, especially if what some people think happens, that is you are going to get an increased number of troops some place besides where they are now; because we are not building this man's army to stay at home.

The CHAIRMAN. It is not going to win the war by having them stay at home.

Admiral LAND. No, sir.

ADMINISTRATIVE EXPENSES

The CHAIRMAN. Under the allocation for administrative expenses, Admiral, the War Shipping Administration is approximately doubling both its money and personnel totals?

Admiral LAND. That is correct.

The CHAIRMAN. Whereas there is not much increase in administration for the Maritime Commission?

Admiral LAND. No, sir.

The CHAIRMAN. What is the explanation of this increase for the War Shipping Administration? Is it due to an increase in number of vessels——

Admiral LAND. A greater number of ships.

The CHAIRMAN. Or a greater number of sailings?

Admiral LAND. Both. A greater number of shipments, a greater number of personnel required to make the increase in carrying capacity as the ships come in.

As indicated in my brief statement, we are building this up, I do not know how much, but the increase is very large in the tonnage we are going to lift. Therefore, it requires additional personnel. My judgment sums up to 400 in the W. S. A. and 250 in the U. S. M. C. And the cost, in round numbers, is a little less than $1,700,000, I think, for the two, for administrative expenses. It is purely an expansion of the activities on account of the work we are doing and contemplate doing in the time indicated in the estimates.

The CHAIRMAN. Are there any questions?

Mr. WOODRUM. No questions.

Mr. O'NEAL. I have no questions.

Mr. RABAUT. The only question I want to ask is about these shippers you are talking about who are inclined to cooperate with you. Was that list ever printed?

Admiral LAND. Which—the Red Sea shippers?

Mr. RABAUT. Yes.

Admiral LAND. Yes.

Mr. RABAUT. So that there would not be any necessity of putting the names in here, except I thought you might want to give praise to the ones who refunded.

Admiral LAND. As a matter of fact, if you would like to know, I do not mind giving you the names.

(After discussion off the record.)

LOSSES FROM RED SEA OPERATIONS

Mr. TABER. Now, so that we might get a pretty fair picture of this situation, what losses did we have in these four operations to the Red Sea?

Admiral LAND. We can give you that. I do not know offhand, except they were very small—nothing like what we had expected.

Mr. TABER. Would they run 10 percent?

Admiral LAND. I do not know; I doubt if they would. We got away with that project, even though it was in a later stage of the war, far better than we did in the few months previous, in which bombings took place in the Mediterranean and some ships were seriously damaged and some lives were lost there. But this is just one of those things where we were very fortunate and very lucky. Based on the history of the previous few months, it looked as if it were a damned dangerous show that we were putting those people into. Nobody wanted to do this, even with this grandstand profit that they had. They were doing right well, and some of them better in some other routes.

Mr. TABER. As I have glanced through this list, none of these ships were built as of a later date than 1921, that participated in these Red Sea voyages.

Admiral LAND. I would like to remind you of the very unpleasant and unhappy truth as of that date, that 90 percent of the American merchant marine was obsolescent and obsolete, and was all built before 1920, and that is why you put the Merchant Marine Act on the books. We had just gotten a handful of ships into being. Maybe 94 percent of all of them were going to the bone yard, according to a lot of people's ideas, so all of those ships naturally were old. And we would not have put new ships in there, even if they had been available, except that as the President directed us we would have put anything in there in order to carry out his orders. But we purposely selected ships which would do the job and, if they were lost, would be the least loss to the American merchant marine.

Mr. TABER. Now, your total request for funds here amounts to——

Admiral LAND. Our total for W. S. A. is $1,955,554,000, plus $3,407,000 for the U. S. M. C. and $1,700,000 for administrative expenses for both.

Mr. TABER. And of that, the servicing of vessels is an item that runs into $279,000,000, approximately?

Admira. LAND. Yes, sir.

Mr. TABER. That means providing them with fuel, with provisions, repairs and everything else of that character, I suppose?

Admiral LAND. Yes, sir.

PURCHASE AND CONSTRUCTION OF CARGO SHIPS

Mr. TABER. There is an item in here for watercraft of $81,907,000. Is that entirely an item of new construction?

Admiral LAND. I thought the only item for new construction was for Fighting France and China. That is U. S. M. C., which totals * * *.

Mr. TABER. I see. The balance is for the purchase of cargo ships?

Admiral LAND. Yes, sir.

Mr. TABER. Or small craft, or something of that character?

Admiral LAND. That is true.

Mr. TABER. Running into something like $78,500,000?

Admiral LAND. Yes, sir.

Mr. TABER. Are these things that have been done already, or that are just in contemplation?

Admiral LAND. These are to be done.

Mr. TABER. They are to be done?

Admiral LAND. Yes, sir.

Mr. TABER. Who owns the ships that you intend to purchase?

Admiral LAND. A lot of these will have to be built, following along the same thing we have been doing.

Mr. TABER. Instead of purchasing them, you will have to build them?

Admiral LAND. To a large extent. In some cases, we may be able to purchase them; but I must say that the cupboard is pretty close to bare in these United States today of everything from barges up to the major ships.

Mr. TABER. And that item there, then, probably will mean construction rather than purchase?

Admiral LAND. Generally speaking, of the item referred to as the U. K., yes. In regard to the other items, as I tried to explain here, that is something we visualize as becoming available. As our new fleet comes into being, we will be able to let them have some of these old ships. That is particularly true of the item I explained to the chairman.

Mr. TABER. Will those be ships that will be taken from the Maritime Commission stock, or from operators?

Admiral LAND. They will be taken from operators—W. S. A. stock.

Mr. TABER. You mean items that belong to private operators that are being operated presently by the War Shipping Administration?

Admiral LAND. Yes, sir. They may be in two categories—they may be requisitioned for use, or they may be requisitioned for title. In the one case they would be private; in the other case, they would be ours.

Mr. TABER. Now, if you are going to build ships, I presume this item of $81,000,000 will not anywhere near cover the cost?

Admiral LAND. The only building we will do is the small craft. The major item here would come under the cargo vessels and tankers. Those would be something that would be available and not built. The small craft would probably be built, or taken from what is available and not otherwise earmarked for the war effort.

Mr. TABER. I see. Now, under equipage, services, and supplies, you have $183,000,000. That item is $ * * * for Russia, and $ * * * for the U. K. What does that mean—simply the equipment for different vessels that will come into our ports?

Admiral LAND. Yes, sir. That is stores; provisions; supplies; fuel. And one of the items covers a small amount of British-controlled vessels, such as the Greek, Slav, and so forth, and one little mixed item there which goes to the U. K. for China and which may have a double transaction before it actually gets to India, or may be carried by the U. K. to India and then transferred from India to China.

OWNERSHIP OF CHARTERED SHIPS

Mr. TABER. Now, you have "Rental and charter of vessels." That means mostly what—Maritime Commission ships, or ships owned by private parties?

Admiral LAND. It means both. It means primarily W. S. A. ships that the Maritime Commission builds and turns over to us. The W. S. A. has requisitioned the most of the ships; in fact all ships under the American flag or owned by American citizens. They are again divided into two categories, those to which we own title, and those which are privately owned but requisitioned for use and chartered to general agents and subagents who carry out their operations under the control of the War Shipping Administration and become a part of the pool.

CHARTERS RATES

Mr. TABER. Now, at about what rate are you operating at present as compared with those Red Sea charters that we talked about a minute ago?

Admiral LAND. They are not a very good analogy, because this was done on the cubic and we are operating now on the dead-weight basis. That was a unique situation, as I say, from the point of logic, in which the premises were unknown and, therefore, the conclusion might have been correct. It turned out to be incorrect; while, under present conditions, we are working on a precedent and practice with many knowns in most elements, except the absolute danger element, that are fairly well known.

Therefore, we are not working on cubic at all, but on deadweight—as I say, time charter on the one hand and bareboat charter on the other. And the rates, as I have indicated, generally are around $3.75 and $4 on the time-charter basis, and $1 to $1.25 on the bareboat basis. And we are having one of the finest Kilkenny cat fights here to get these rates down, and it is a continuous and continuing struggle in order to meet the situation as it occurs and as it changes.

Mr. TABER. That $4 rate for the Red Sea means about what for, say, a 10,000-ton ship; it means how much money?

Admiral LAND. Four dollars a deadweight ton per month for a 10,000-ton ship.

Mr. TABER. Per month?

Admiral LAND. Yes, sir.

Mr. TABER. And about how much of a voyage is it?

Admiral LAND. Well, it has been a little bit of everything.

Mr. TABER. What would the average voyage be?

Admiral LAND. That, again, I would rather take off of the chart we are discussing, because it gives you the turnaround of all of the operators, rather than give you a guess; because it has such wide fluctuations, depending entirely on conditions that obtain at the other end; first, as to the loading and transfer of equipment there; second, as to the danger during those processes; and, third, as to whether you stop long enough to get return cargo, or whether the military commander on the spot says "This is too dangerous to wait; to hell with your return cargo; put some water in your tank and go home." And that is an extremely inefficient operation, but you cannot compare that with peacetime.

Mr. TABER. I was not trying to get at that——

Admiral LAND. I merely mean the time element, Mr. Taber. If the military commander says "You get the hell out of here and go home," why, the turn around is short. But if we want to pick up some chrome, of some hides, or cork, or quinine, or anything that may be in Africa, we stay and get the cargo and the turn around, of course, is extended. Of course it is only limited cargo that you can get there under present conditions. As I say, the question cannot be answered definitely. The best answer is right on that piece of paper you have in your hands, which gives the result of 106 voyages.

Mr. TABER. I cannot just exactly make any answer out of that. I am asking you what you are doing now as compared with that. That is what I was trying to get at—as to whether or not you are doing any better.

Admiral LAND. We are doing better

Mr. TABER. I do not just follow your answer. According to this, the average rate that these people got as profit per dead-weight ton, the way this is figured out, rather than the charter hire—of course I can figure the charter hire per dead-weight ton out of it, but it is not shown there in the statement. I can do it all right, without any trouble——

Admiral LAND. I know, but you have not the correct premise about that, anyhow. In the first place, those rates were made on the cubic. We are not using that any more.

Mr. TABER. But the tables here are headed "Dead-weight tons."

Admiral LAND. That is true, and if you take the turn around—let us put it this way: It is $4 a dead weight ton per month and, if it took 4 months, that would be $16, and if it took any other period of time, it would be whatever time the turn around is.

Mr. TABER. Well, charter hire is given here in one place as $35.10 per dead weight ton on an operation of approximately—it does not tell. I presume it is one voyage for each of these ships. Is that the way it runs?

Admiral LAND. Yes, sir.

Mr. TABER. It does not say so.

Admiral LAND. It gives you the turnaround there some place.

Mr. TABER. Six ships of the American Export Lines had a charter hire of $35 and a profit per deadweight ton of $31—indicating that about 90 percent of the charge was profit, with an average length of voyage of 202 days. Now, that would be 6½ months, which, at $4, would be approximately a charge of $28 or $27.

The next one indicates the length of voyage as 175 days on two ships. On that basis, if you are still operating on $4 per deadweight ton, their profit is running something like 80 percent of what they receive.

Admiral LAND. The point is they do not make any profit now except as agents, because we have all of the ships. You are dealing with entirely different things. Furthermore, as I explained, there is no overhead in that, no depreciation, and no taxes in it. As I say, it is an erroneous analogy that you are making, because those ships——

Mr. TABER. I am not making any analogy; I am just using the figures that are in front of me, that you handed me. If I am making an erroneous analogy, it is the one you handed me.

Now I am wondering if you could give us a statement that would permit anyone to make a correct analogy.

Admiral LAND. Yes; surely we can.

Mr. TABER. That is what I am trying to get at.

Admiral LAND. All right.

Mr. KIRSCH. The calculations, Mr. Taber, on the appropriation estimates, as given here by the Lend-Lease Administration for the period May 1, 1943, to June 30, 1944, for the North Atlantic service were figured on a round-trip voyage of * * * days, based on a charter hire, as the admiral stated, of approximately $4 a deadweight ton, to which is added fuel consumed in the * * * voyage, port charges, crew's bonus and overtime; cargo expenses, including stevedoring; miscellaneous voyage expenses; war risk insurance; payments to various agents for husbanding the ship. That is the method by which we arrived at the calculations in these estimates for the North Atlantic.

The Middle East, Persian Gulf, and India trade, our voyage calculations were for a * * *-day outward voyage only; no cost for the return trip, because the return trip is under W. S. A. control and not under lend-lease. Similarly to Australia, a * * *-day outward voyage only; to South Africa, a * * *-day outward voyage only.

From the United States to north Russia we based our estimates on a round-trip voyage.

To the Persian Gulf, there again we reduce it to a * * *-day voyage outward only, for account of Russia.

All of these calculations are based on experience, and the examination of approximately a thousand voyages that made these trips to these various trade routes. That is the basis on which those estimates were prepared.

SCHEDULE B.—*War Shipping Administration—Statement of defense aid, allocations, obligations, and expenditures as at Feb. 28, 1943, and estimates of procurements of services and articles to Apr. 30, 1943, showing available balance of allocated funds as at Apr. 30, 1943*

Category	Appropriation symbol and title	Government and purpose	Amount allocated (including allocations in process)	Obligations			Forms J and estimated to be processed on requisitions received to date (not previously reported)	Estimates of procurements to cover requisition to be submitted for period ending Apr. 30, 1943	Net estimated balance of allocations as of Apr. 30, 1943	Expenditures as at Feb. 28, 1943	
				Services and articles processed to Feb. 28, 1943	For procurement subsequent to Feb. 28, 1943	Total				Disbursements	Accounts payable
4	111/30023(05)–Defense Aid, Vessels and Other Watercraft.	British:									
		1. Purchase of vessels	$11,912,198.78	$8,085,213.80	$3,826,984.98	$11,912,198.78				$7,428,440.50	$656,773.30
		2. Equipage, supplies and materials	119,300,882.28	77,822,543.83	41,577,138.45	119,399,682.28				39,579,818.36	38,242,725.47
		3. Rental and charter of vessels	291,500,791.03	290,568,779.63	932,015.00	291,500,794.03				55,798,159.31	231,770,630.37
		4. Unrequisitioned balance	47,697,365.82				$27,704,521.37	$34,376,500.00	[1]$14,483,655.55		
	Total British		470,410,141.51	376,476,537.26	46,336,138.43	422,812,675.09	27,704,521.37	34,376,500.00	[1]14,483,655.55	102,806,418.17	273,170,119.09
		Chinese.									
		1. Rental and charter of vessels	9,500,141.48	9,500,141.48		9,500,141.48				2,670,831.14	6,829,310.34
		2. Unrequisitioned balance	23,421,600.00				35,150.00	68,000.00	23,331,450.00		
	Total Chinese		32,921,741.48	9,500,141.48		9,500,141.48	35,150.00	68,000.00	23,331,450.00	2,670,831.14	6,829,310.34
		Russian:									
		1. Purchase of vessels	16,885,700.00	15,013,062.87	672,037.13	16,685,700.00				190,182.76	15,723,480.11
		2. Equipage, supplies and materials	11,196,000.00	3,878,824.72	7,317,175.28	11,196,000.00				3,004,445.68	874,379.06
		3. Rental and charter of vessels	121,954,292.55	121,954,292.55		121,954,292.55				6,032,736.29	115,921,556.26
		4. Unrequisitioned balance	48,970,550.00				15,513,200.00	38,878,865.00	[1]5,421,515.00		
	Total Russian		198,706,542.55	141,746,780.14	7,989,212.41	149,735,992.55	15,513,200.00	38,878,865.00	[1]5,421,515.00	9,227,364.71	132,519,415.43
		Polish:									
		1. Equipage, supplies and materials	66,500.00		66,500.00	66,500.00					
		2. Rental and charter of vessels	204,100.00	69,700.00	134,400.00	204,100.00					
		3. Unrequisitioned balance	433,500.00					550,000.00	[1]116,500.00		69,700.00
	Total Polish		704,100.00	69,700.00	200,900.00	270,600.00		550,000.00	[1]116,500.00		69,700.00
		Haitian: Rental and charter of vessels	25,000.00		25,000.00	25,000.00					
		Nicaraguan	50,000.00		50,000.00	50,000.00					
		Paraguayan	50,000.00		50,000.00	50,000.00					
		Yugoslavian	1,445,000.00	605,000.00	840,000.00	1,445,000.00					
		Free French: Servicing immobilized vessels	500,000.00					500,000.00		14,621.52	500,378.15
		United Nations						2,500,000.00	[2]2,500,000.00		
	Total category 4		704,815,425.51	528,398,158.88	55,491,250.81	583,889,409.72	43,252,871.37	76,863,365.00	809,779.45	114,719,235.51	413,678,923.34
7	111/30026(05)—Defense Aid, Agricultural, Industrial and Other Commodities.	British:									
		1. Outfitting vessels (tankers)	12,612,381.79	6,840,795.49	5,771,586.30	12,612,381.79				4,850,586.10	1,990,209.39
		2. Rental and charter of vessels (tankers)	91,106,282.97	91,106,282.97		91,106,282.97				19,460,298.00	71,645,984.97
		3. Unrequisitioned balance					[1]385,304.00		385,304.00		
	Total category 7		103,718,664.76	97,947,078.46	5,771,586.30	103,718,664.76	[1]385,304.00		385,304.00	24,310,884.10	73,636,194.36
8	111/30027(05)– Defense Aid, Testing, Reconditioning, etc., of Defense Articles.	British:									
		1. Repairs, degaussing, defense installation, equipment, etc.	185,166,105.12	162,203,157.23	22,962,947.89	185,166,105.12				47,186,790.26	115,016,366.97
		2. Unrequisitioned balance	22,859,620.12				9,352,517.74	13,935,000.00	[1]427,897.62		
	Total British		208,025,725.24	162,203,157.23	22,962,947.89	185,166,105.12	9,352,517.74	13,935,000.00	[1]427,897.62	47,186,790.26	115,016,366.97
		Russian:									
		1. Repairs, degaussing, defense installation, equipment, etc.	32,034,751.71	30,553,537.21	1,481,214.50	32,034,751.71				13,762,733.59	16,790,803.62
		2. Unrequisitioned balance	19,742,644.00				3,738,500.00	14,215,000.00	1,789,144.00		
	Total Russian		51,777,395.71	30,553,537.21	1,481,214.50	32,034,751.71	3,738,500.00	14,215,000.00	1,789,144.00	13,762,733.59	16,790,803.62
		Polish:									
		1. Repairs, degaussing, defense installation, equipment, etc.	546,725.00	471,698.26	75,026.74	546,725.00				294,202.43	177,693.83
		2. Unrequisitioned balance	663,275.00					47,000.00	616,275.00		
	Total Polish		1,210,000.00	471,698.26	75,026.74	546,725.00		47,000.00	616,275.00	294,202.43	177,693.83
		Norwegian:									
		1. Repairs, degaussing, defense installation, equipment, etc.	3,960,500.00	23,070.84	3,937,429.16	3,960,500.00				23,070.84	
		2. Unrequisitioned balance	7,739,500.00				112,000.00	7,150,500.00	477,000.00		
	Total Norwegian		11,700,000.00	23,070.84	3,937,429.16	3,960,500.00	112,000.00	7,150,500.00	477,000.00	23,070.84	
		Greek	70,358.11	39,358.11		39,358.11				11,709.79	27,648.32
		Brazilian:									
		1. Repairs, degaussing, defense installation, equipment, etc.	1,153,500.00	1,283,051.45	169,545.55	1,453,500.00				817,943.13	466,011.32
		2. Unrequisitioned balance	690,000.00				100,000.00	500,000.00			
	Total Brazilian		2,143,500.00	1,283,051.45	169,545.55	1,453,500.00	100,000.00	500,000.00		817,943.13	466,011.32
	Total category 8		274,805,979.06	194,574,770.10	28,626,163.84	223,200,939.94	13,393,017.74	35,847,500.00	2,154,521.38	62,090,450.04	132,478,236.06
9	111/30028 (052)—Defense aid, services and expenses.	British: Unrequisitioned balance	2,000,000.00					2,000,000.00			
		China: Unrequisitioned balance	1,000,000.00					1,000,000.00			
		Russia: Unrequisitioned balance	8,000,000.00					8,000,000.00			
		Salvaging: Unrequisitioned balance	200,000.00					200,000.00			
	Total category 9		11,200,000.00					11,200,000.00			
10	111/3002 (08)—Defense aid, administrative expenses.	Administrative expenses	350,000.00	124,171.16		124,171.16		257,828.84	[1]32,000.00	14,760.05	109,411.11
	Total all categories		1,091,980,069.38	821,044,184.60	89,889,000.98	910,933,185.58	56,260,685.11	124,168,693.84	3,017,604.83	201,141,319.73	619,902,884.87

Red figures.

SCHEDULE A.—*United States Maritime Commission—Statement of defense aid, allocations, obligations, and expenditures as at Feb. 28, 1943, and estimates of procurements of services and articles to Apr. 30, 1943, showing available balance of allocated funds as at Apr. 30, 1943*

Category	Appropriation symbol and title	Government and purpose	Amount allocated	Services and articles processed to Feb. 28, 1943	For procurement subsequent to Feb. 28, 1943	Total	Forms "J" and estimates to be processed on requisitions received to date (not previously reported)	Estimate of procurements to cover requisitions to be submitted for period ending Apr. 30, 1943	Net estimated balance of allocations as at Apr. 30, 1943	Expenditures as at Feb. 28, 1943	
										Disbursements	Accounts payable
4	69-111/30023—Defense Aid, Vessels and Other Watercraft.	British:									
		1. Construction and purchase of vessels	$572,516,275.39	$510,036,255.77	$62,480,019.62	$572,516,275.39				$251,512,013.27	$82,003,[illegible]
		2. Equipage, supplies, and materials	11,281,917.72	11,281,917.72		11,281,917.72				11,281,917.72	
		3. Rental and charter of vessels	38,778,671.00	38,778,671.00		38,778,671.00				38,778,671.00	
		4. Unrequisitioned balance	6,070,594.38					$5,670,000.00	$400,594.38		
	Total British		628,647,458.49	560,096,844.49	62,480,019.62	622,576,864.11		5,670,000.00	400,594.38	301,572,601.99	82,003,[illegible]
		Chinese:									
		1. Rental and charter of vessels	3,165,254.52	3,165,254.52		3,165,254.52				3,165,254.52	
		2. Unrequisitioned balance	4.00						4.00		
	Total Chinese		3,165,258.52	3,165,254.52		3,165,254.52			4.00	3,165,254.52	
		Russian: Rental and charter of vessels	940,457.45	940,457.45		940,457.45				940,457.45	
	Total category 4		632,759,174.46	564,202,556.46	62,480,019.62	626,682,576.08		5,670,000.00	400,598.38	305,678,313.96	82,003,[illegible]
6	69-111/30025—Defense Aid, Facilities and Equipment.	British: Construction of shipyard facilities	71,000,000.00	65,246,382.73	5,753,617.27	71,000,000.00				60,918,355.05	2,933,[illegible]
7	69-111/30026—Defense Aid, Agricultural, Industrial, and Other Commodities.	British:									
		1. Outfitting vessels (tankers)	1,794,072.21	1,794,072.21		1,794,072.21				1,794,072.21	
		2. Rental and charter of vessels (tankers)	19,179,786.03	19,179,786.03		19,179,786.03				19,179,786.03	
	Total category 7		20,973,858.24	20,973,858.24		20,973,858.24				20,973,858.24	
8	69-111/30027—Defense Aid, Testing, Reconditioning, etc. of Defense Articles.	British:									
		1. Repairs, degaussing, defense installation, equipment, etc.	24,912,323.59	24,887,272.73	25,050.86	24,912,323.59				24,887,272.73	
		2. Unrequisitioned balance	123,895.41				[1] 82,175.68		126,070.09		
	Total British		25,036,219.00	24,887,272.73	25,050.86	24,912,323.59	[1] 2,175.68		126,070.09	24,887,272.73	
		Russian: Repairs, degaussing, defense installation, equipment, etc.	150,104.29	150,104.29		150,104.29				150,101.29	
		Greek: Repairs, degaussing, defense installation, equipment, etc.	36,197.65	36,197.65		36,197.65				36,197.65	
		Depots: T. N. D. installations	63,500,000.00	14,625,692.08	48,874,307.92	63,500,000.00				402,196.35	14,223,[illegible]
	Total category 8		88,722,520.94	39,699,266.75	48,899,358.78	88,598,625.53	[1] 2,175.68		120,070.09	25,475,771.02	14,223,[illegible]
9	69-111/30028—Defense Aid, Services and Expenses.	Chinese: Transportation expenses of one vessel to Rangoon.	255,503.62	255,503.62		255,503.62				255,503.62	
10	69-111/30029—Defense Aid, Administrative Expenses.	Administrative expenses	614,000.00	436,290.43		436,290.43		90,709.57	117,000.00	418,413.06	17,877.[illegible]
	Total all categories		814,355,117.26	690,819,918.23	117,132,995.67	807,952,913.90	[1] 2,175.68	5,760,709.57	643,669.37	413,726,274.91	70,111,043.[illegible]

Red figures.

Mr. TABER. Have you anything there that would show us what that picture is currently?

Admiral LAND. What you would like to do, now, is to take this Red Sea thing that we produced there and show what that thing is as of today?

Mr. TABER. That is what I am anxious to do.

Admiral LAND. All right; we will put it in the record.

Mr. TABER. And on that kind of a set-up, what sort of a profit are these people making? Suppose you fix up a table there from which we might be able to get a little picture of it. Suppose you take the value of a group, say, of 10 ships in columns A, B, C, D, E, and F, rather than to name them, if you would prefer, knowing the deadweight tonnage, the charter hire, the expense properly chargeable to that voyage, including depreciation, insurance, fuel and all that sort of thing, and show in a following column the voyage profit and the profit per deadweight ton on current operations.

Admiral LAND. All right.

Mr. TABER. You might show it on one group going to the Persian Gulf, another one to Capetown, another one to Great Britain, another one on the northern route to Russia.

Admiral LAND. You do not want Capetown?

Mr. TABER. I do not care about that.

Admiral LAND. We will pick out four or five major routes.

Mr. TABER. And give me half a dozen ships on what the current rates are, so that we can get the picture.

Admiral LAND. I know what you are after.

Mr. TABER. I want to see what is going on.

Admiral LAND. Yes, sir.

Mr. TABER. These will be ships that are under the War Shipping Administration and where we are probably paying the "shock" for transportation, I suspect.

Admiral LAND. As I say, we have two categories—requisitioned for use, or for title, or our own ships. There are really three categories. I know what you are after; I think we can fix that up for you. It may take a little time.

TOTAL APPROPRIATIONS, OBLIGATIONS, AND EXPENDITURES, UNDER LEND-LEASE

Mr. WIGGLESWORTH. Admiral, will you furnish for the record a statement showing the total funds that you have had under lend-lease from the start; the amount that has been obligated, and the amount actually expended?

Admiral LAND. Yes, sir.

Mr. WIGGLESWORTH. Will you also give a breakdown which will show by country in some detail what it has been expended for; that is, for construction, rental, charter, repairs, and so forth?

Admiral LAND. Yes, sir.

(The tabulations requested follow:)

Schedule A.—United States Maritime Commission.
Schedule B.—War Shipping Administration.

LEASING OF SHIPS TO ALLIES

Mr. WIGGLESWORTH. In addition to what you get directly, you have authority to lease, do you not?

Admiral LAND. I am not sure that I understand.

Mr. WIGGLESWORTH. To turn over ships to our allies on a lease basis?

Admiral LAND. Oh, yes.

Mr. WIGGLESWORTH. And there is a limit on it of something like $5,000,000,000, is there not?

Admiral LAND. I think that is part of the lend-lease limitation. I do not remember the exact figure, but it is part of that.

Mr. WIGGLESWORTH. But that is over and above the funds which come to you directly, as I understand it?

Admiral LAND. Yes; that is right.

Mr. WIGGLESWORTH. Would you indicate to what extent that authorization has been drawn upon?

Admiral LAND. Yes, sir. As of March 1, 1943, there were under lease to foreign governments pursuant to lend-lease authorization 164 vessels, including barges, lighters, dredges, tankers, and dry-cargo ships.

FINDINGS OF BLAND COMMITTEE ON RED SEA CHARTER-HIRE VOYAGES

Mr. WIGGLESWORTH. I have not followed the proceedings of the Bland committee as closely as I should have and I do not want to go into the details this morning. I should like to ask just a few questions in this connection however.

I have before me a newspaper article which has been called to my attention, purporting to refer to the findings of the Bland committee in reference to the Red Sea charters.

It indicates there was a profit of $27,000,000 on 90 voyages in 1941.

I think you said this morning that that should be $32,000,000.

It indicates that every voyage reflected a profit in excess of the book value of the individual ship.

It indicates that from October 1941 to June 1942, 12 of the Waterman Steamship Co. ships with a book value of about $800,000 made a profit of $3,342,000.

It indicates that the oldest ship, the *West Kyska*, built in 1918, with a book value of $8,139, earned $325,000 or 40 times its net worth, in a single voyage.

It indicates that *The Antinous*, with a book value of $52,272, earned $512,384, or 1,000 percent of its net worth, in a single voyage.

Then it goes on and says: Equally astonishing were the arrangements made under which the freighters were put at the disposal of the British Ministry of War Transport at our expense. This country, it says, provided 81 ships; provided the cargo and paid the freight.

The British Ministry, it says, made the charter deals direct with the shipowners and didn't quibble over terms because this country was putting up the cash under lend-lease.

First, is that or is that not a fair statement of fact?

Admiral LAND. I do not know enough about the article to say. In my judgment, the inferences to be drawn from it are entirely erroneous and entirely unfair.

The idea that any ship which has a book value of $8,000 could make that amount of money sounds absurd on the face of it. But that is what they are doing, whether it was on the Red Sea or anywhere else. The conclusions drawn from it are entirely incorrect.

Mr. WIGGLESWORTH. Are the statements, statements of fact?

Admiral LAND. They may be factual, so far as the book value is concerned. I do not know the article.

Mr. WIGGLESWORTH. Will you check that in revising your remarks and indicate whether or not the factual statement is correct?

Admiral LAND. The figures quoted from the news story are in general, but not exact accord with those contained in Committee Document No. 7, of the Committee on Merchant Marine and Fisheries.

Mr. WIGGLESWORTH. Secondly, why, if it is true, were the arrangements made by the British Ministry of War Transport with the operators instead of by the Commission itself in its own name?

Admiral LAND. That is all answered in detail and I will be glad to put it in the record. We are responsible for the rate. I do not pass the buck to anybody.

Mr. WIGGLESWORTH. You mean you approved the rates?

Admiral LAND. We did.

Mr. WIGGLESWORTH. That the British Ministry fixed?

Admiral LAND. No; we fixed the rates and we are responsible for them.

Mr. WIGGLESWORTH. Is there anything confidential involved, if not why did we use that method of transacting this business?

Admiral LAND. There is nothing confidential about it at all. It was the means to an end to accomplish the purpose that the President directed; nothing secret or confidential about it. And it has all been brought out at great length before Judge Bland's committee. I am very glad to submit, in whole or in part, the evidence for this record.

Mr. WIGGLESWORTH. I do not want to go into detail, as I say, but offhand it seems to me that we were in effect allowing another government to obligate funds which we were making available. Are we doing business in other instances on the same or similar basis?

Admiral LAND. No, sir. As you well recognize, conditions are entirely different from what they were.

Mr. WIGGLESWORTH. Is it true that some of these owners in refusing, to date, to renegotiate or to make adjustments, have based their refusal on the theory that the agreements were made with the British Government?

Admiral LAND. I do not know.

Mr. WIGGLESWORTH. It has been so stated in the press; I do not know whether that is true or not.

Admiral LAND. The evidence was all taken by Congressman Hart's committee.

Mr. WIGGLESWORTH. You do not know the answer to that?

Admiral LAND. I do not know the answer to that. I know the appeal was made long before this evidence came up here or before anybody knew anything about it. We took it up ourselves. We took it up with the Comptroller General, as indicated, and nobody knew anything about it until we stirred it up ourselves. It is entirely our own mess and we are trying to solve it.

Mr. Wigglesworth. Has the General Accounting Office made any investigation, or taken any action in this field?

Admiral Land. They have had complete and full reports from us long before this investigation was even thought of. I do not know what action they have taken. Somebody here may know.

Mr. Wigglesworth. Do you know, as a matter of fact, whether the express or the Bland committee has had any report from them?

Admiral Land. Not to my knowledge; not yet.

Mr. Wigglesworth. Has there been any correspondence between your Commission in this connection and the G. A. O.?

Admiral Land. Correspondence between ourselves and the G. A. O. and between ourselves and the committee has been turned over to Congressman Hart's committee. Under date of March 22, we gave him a complete report, with the whole story, the whole history of the matter, with the modifications that were made, charts, press releases and everything pertaining to it.

RED SEA CORRESPONDENCE

(Following are (1) letter dated March 22, 1943, from the Chairman of the Maritime Commission to the chairman of the Special Subcommittee on Charter Rates of the Committee on Merchant Marine and Fisheries, with attachments, and (2) letter dated March 25, 1943, from the Chairman of the Maritime Commission to the chairman of the Senate Committee on Commerce:)

March 22, 1943.

Hon. Edward J. Hart,
Chairman, Special Subcommittee on Charter Rates,
Committee on Merchant Marine and Fisheries,
House of Representatives.

Dear Congressman Hart: The Maritime Commission desires to present to your committee information which may be helpful in its consideration of the charter rates paid for voyages to the Red Sea in the summer and fall of 1941.

The Commission has asked the owners who took part in these voyages to agree, voluntarily, to a revision of the charter rates paid, and to make a refund to the Government thereon. Attached is a copy of the statement made to representatives of the owners who met with the Commission on November 19, 1942. The owners agreed to take the matter under consideration, but no action thereon has been taken by them.

The Red Sea voyages in question represent the first arrangements of their kind undertaken by the Maritime Commission. The sailings began in the early part of May 1941, and were continued for several months thereafter.

The President had directed the Commission a few weeks before the Red Sea voyages were authorized, to assemble a pool of 2,000,000 tons of merchant shipping for use in the national defense effort. The Commission thereupon set about to obtain the neeessary shipping through voluntary arrangements with the owners. Vessels needed by the armed services for conversion were purchased, while ships needed for cargo transportation were obtained, as far as possible, on a charter basis, bare-boat and time charters predominating.

The assembling of this pool of shipping was barely under way when the Commission was directed to make available to the British Ministry of War Transport enough ships to transport quantities of material from the United States to Suez and vicinity via the Red Sea. The task was most urgent, because of the military situation in north Africa at the time.

The Commission did not pay the charter hire, in this instance or others, at the time under discussion. It approved the rates to be paid. In obtaining the use of ships on a voluntary basis, the Commission undertook to correlate and direct traffic. Charters were made between the shippers and the owners. The Maritime Commission organized the schedules, spotted the cargo and loading berths, and approved the charter rates. Its control was exercised by indirection.

In the case of the Red Sea voyages, the ships were chartered by their owners to the British Ministry of War Transport. The charter hire was paid out of lend-lease funds allocated for this purpose, presumably on account of the problem of exchange involved.

A combination of factors led the Maritime Commission to adopt the space-charter form for the Red Sea voyages, instead of the bare-boat or time charter forms more commonly used by it.

The nature of the cargo to be carried was perhaps the primary factor, when considered in connection with the speed with which the undertaking had to be set in motion.

The British Purchasing Commission had bought quantities of war equipment and supplies in the United States. The Red Sea voyages were undertaken in order to get as much of this material to Africa as might be assigned to that theater of operations. The items were as diverse in nature as the needs of an expeditionary force would require.

Under the usual space charter arrangement, the shipper paid on the basis of the total cubic content of the ship, delivering to the vessel whatever he wanted to go, and the vessel owner took care of all expenses of loading and discharging. The device was suited to the needs of the Red Sea movement, since it would permit prompt sailings with a minimum of detail in determining rates. Space charters were being used to some extent at the time by commercial operators for similar voyages.

American vessels, restricted in their movements by the Neutrality Act of 1939, had not theretofore gone into waters potentially as dangerous as the Red Sea. Neither had they carried ammunition and explosives in such quantities as were included in these shipments. No one knew the actual hazard in the undertaking. Events proved that the actual hazard was less than anticipated.

The largest factor in judgment from the standpoint of hazard was the risk of delay. War-risk insurance was available to cover the loss of or damage to a ship resulting from hostilities, but the owners had to assume the risk of extensive delays in the return of their ships.

Ships were then at the peak of their earning power. Replacements for ships lost were hard to find, and the cost high. If a ship should be damaged at some place where repairs were difficult or impossible to obtain, the owner lost the use of his vessel during the delay in its repair and return.

The risks of delay were intensified by factors other than the dangers of loss or damage resulting from attack. Ships sometimes had to unload at Red Sea ports that were inadequately equipped. They had to sail in unfamiliar and poorly charted waters to reach such ports, and might have to sail under black-out conditions to reach them.

Another important consideration was the uncertainty of return cargo.

American demand for strategic and critical materials meant that there was cargo to be carried, but the movement of such cargo had not been fully organized and coordinated. The Commission had undertaken to control inward cargo and rates thereon, but it was unable to advise a ship operator in May or June 1941, that after his vessel had unloaded in the Red Sea, it could obtain a return cargo at a specific point.

There was no return cargo to be had in the Red Sea. The distances from Port Said to the ports at which return cargo might be had are considerable. From Port Said to Colombo is 3,500 miles; to Beira, 4,000 miles; to Calcutta: 4,700 miles; to Singapore, 5,000 miles. It is 1,400 miles from Port Said to Aden, at the other end of the Red Sea. A ballast voyage of considerable length was therefore indicated before a ship could be placed on a homeward loading berth.

Under these conditions, it appeared advisable to approve charter rates on a one-way basis, so that the owners could and would undertake the voyages, assuming the risks of time and delay.

Commercial rates current at the time for voyages of comparable length amounted to $1 or more per cubic foot. Such rates yielded an enormous return. We were close to the situation that obtained during World War I, when a vessel paid for itself with a single voyage, if it made a safe return.

The Maritime Commission had no legal control over charter rates (except the powers of secs. 9 and 37 of the Shipping Act of 1916, which were of limited application) until after the adoption of the Ship Warrants Act, which was approved on July 14, 1941. In the course of the hearings on that legislation prior to its passage, the Commission pointed out that ship earnings were very high and in danger of getting out of hand.

When the Commission undertook to organize the Red Sea voyages, ship earnings were at their peak, as heretofore noted. The owners were in a position to demand $1 or more per cubic foot for commercial cargoes to the Red Sea.

The cost of loading and discharging these Red Sea vessels was to be assumed by the British Ministry of War Transport, thereby relieving the owners of an expense normally borne by them under the above-quoted $1 rate. It was also estimated that the cargoes to be carried, because of the nature of the items to be shipped, would leave about 20 percent open space in the vessel which could not be utilized.

The Maritime Commission took the position that inasmuch as this amount of free space was greater than normal, a deduction of 20 percent from the going rate should be made. This modification, with a 5 percent deduction for the stevedoring provided by the shipper, made the rate 75 cents per cubic foot.

The owners demurred, contending that the commercial rate was $1 or more, that their vessels were in no different position than any other neutral vessels, and that they should be paid on the commercial basis, making allowance only for the cargo expense assumed by the shipper. The Commission was unwilling to approve the going rate for this purpose, considering it too high, particularly in view of the anticipated volume of the business.

The alternative would have been requisitioning. The Commission wanted to avoid, or at least to postpone, the application of section 902 until there had been a further opportunity to effect a reduction of ship earnings and values. The Commission was intent upon effecting a downward revision of the whole structure of rates and values before resorting to requisition.

The Commission therefore insisted upon the downward adjustment of the space-charter rate, and finally the owners acquiesced in it.

The actual experience with the Red Sea venture proved that the hazards of war were not so great as had been feared, that the delays encountered were not extensive on the average, and that the operators obtained return cargoes with relative ease and in substantial volume. The time element which loomed so large when the voyages were undertaken did not prove a material handicap in the majority of cases, although some losses were incurred. As a result, the returns to most of the owners who made the Red Sea voyages were completely out of line with what had been anticipated.

In August 1941 the Commission required a downward revision in the space-charter rate from 75 cents to 60 cents per cubic foot and the elimination of any payment for cargo carried on deck.

The Red Sea operation is the only instance in which the Commission made extensive use of the space-charter arrangement. It has preferred to use bare-boat and time charters, the rates for which have been brought pretty well into line, in the opinion of the Commission, although those rates were also very high when the Commission initiated its efforts to scale ship values and charter hire downward.

Attached is a chart showing the fluctuations of world time-charter rates from the third quarter of 1939 to the first quarter of 1942. As indicated therein, vessel earnings improved immediately after the outbreak of the war in September 1939, but it was not until near the end of 1940 that the inflationary effect of war conditions on merchant shipping began to be conclusively evident. Then, within less than 6 months, world time-charter rates went up from a point less than $4 per dead-weight ton per month to a figure above $10 per ton per month.

The Commission had begun its efforts toward reduction of values and rates only a few weeks before the date shown on the chart as the peak of time-charter rates, which occurred just about the time the President's proclamation of unlimited national emergency (May 27, 1941) made the powers of section 902 operative. The chart therefore indicates graphically the reason for the Commission's desire to avoid, or at least to postpone, the use of its powers to requisition vessels.

The effort to assemble a pool of 2,000,000 tons of merchant shipping, and the control which the Commission has assumed over the traffic in strategic and critical materials gave it some bargaining power, which it used to the utmost of its ability, while the ship warrants law was pending. One instance of this use is reflected in the establishment of the Red Sea charter rates.

As soon as the Ship Warrants Act was approved, the Commission brought about a drastic reduction in the time charter rates, as indicated by the scale of rates set forth in the Commission's press release 970, on July 30, 1941, a copy of which is attached. While the new rates become effective only as charters were made after that date, they were responsible in large measure for the continued downward revision of charter rates, as reflected in the curve on the chart, and for making it possible for the War Shipping Administration to stabilize charter rates at a reasonable level in the spring of 1942.

A further reduction in rates had been initiated in January 1942, as shown by the Commission's press release 1117, a copy of which is attached.

The significance of the Commission's actions in regard to charter rates is apparent from a comparison of current rates with the rates paid during World War I and during the present conflict before measures of control became effective.

Referring again to the chart, it will be seen that although world time-charter rates went from $4 per ton per month in December 1940 to more than $10 per ton per month in May 1941, they were brought down again to their 1940 levels by the end of 1941. If controls had not been applied, there would undoubtedly have been further and pronounced inflationary effects after the Japanese attack on Pearl Harbor.

During World War I the Shipping Board paid more than $4 per ton per month for vessels on bare-boat charter. The Court of Claims later allowed the owners $6.60 per ton per month as just compensation for the bare boat rate. The Commission and the War Shipping Administration have been able to hold the bare-boat charter rates down to a level of $1 to $1.50 per ton per month, which is not appreciably higher than 1939 pre-war earnings in many instances.

When the War Shipping Administration initiated extensive requisitioning of vessels for use in the war effort a year ago, the general structure of charter rates and ship values had been restored to the levels of 1940.

The owners who took part in the Red Sea venture are still participating in the war effort on the basis of the stabilization herein described, subject only to the Comptroller General's decision of November 28, 1942, concerning which the War Shipping Administration is still negotiating.

If there is any further information your committee desires in connection with this matter, the Commission will be glad to furnish it.

Sincerely yours,

E. S. LAND, *Chairman.*

RED SEA SPACE CHARTERS

I have asked you gentlemen to meet with me today to discuss the so-called Red Sea charters which were entered into by various steamship owners with the British Ministry of War Transport during 1941 for the purpose of carrying lend-lease goods to the Red Sea and Persian Gulf. As you gentlemen know, the rates prescribed in these space charters were approved by the Commission, as was also the form of space charter.

At the beginning, that is, from May 1941 through September 14, 1941, the rates were 75 cents per bale cubic foot of the entire underdeck space and 60 cents per bale cubic foot for all cargo carried on deck. This was later changed and, commencing with all voyages beginning on and after September 15 through December 1, 1941 (when this form of charter party was discontinued), the rate was reduced to 60 cents per bale cubic foot for the entire underdeck space and with no allowance for the on-deck cargo.

Various members of the staff of the Maritime Commission, and, I might say, some of the Commissioners have always felt that these rates were too high, and for that reason we have been continuously reviewing the results. Just recently the Comptroller General of the United States has started a thorough investigation of these Red Sea voyages. From our investigation we now are convinced that the rates were too high, and exceedingly so, and it is my feeling that the various steamship owners should voluntarily make a refund, thereby remedying the situation. If this is not done, no doubt the Comptroller General will report the results to the Congress and you may be assured that we will be confronted with an investigation by some committee, with results which, in my opinion, will be injurious to the American merchant marine.

We have been unable to obtain from the various owners all of the voyage results of the 106 voyages which participated in these Red Sea charters. However, we have received the information from the owners for 76 voyages. Charter hire paid on these 76 voyages amounted to in excess of $26,000,000 and revenue obtained from other sources amounted to approximately $16,000,000. The direct voyage profit to the owners on these 76 voyages amounted to in excess of $22,000,000. Based on the dead-weight tonnage represented by these 76 voyages, and assuming an average turn-around of 183 days, this produces a return of over 80 percent per annum on an assumed value of $75 per ton. This assumption, on our part, of a $75 valuation per dead-weight ton would hardly be recognized by the Comptroller General of the United States, who, no doubt, would point

out that a calculation based on the book value of the various vessels would show an unconscionable rate of return.

It would be a very wise step, I believe, for the steamship owners to agree voluntarily to a revision of the rate, and in that connection we have the following three suggestions:

1. In lieu of the space charter hire rate hereinbefore mentioned, substitute the rate of hire published by the United States Maritime Commission in press release 970, on a time-form basis, and add thereto 30 percent to cover charterer's expenses to be assumed by the owner. As a matter of information, this rate, on a vessel of between nine and ten thousand dead-weight tons, would amount to approximately $6 per dead-weight ton per month.

2. As is pointed out above, the space charter rate was reduced from 75 to 60 cents per bale cubic foot, which seems to substantiate the fact that the 75-cent rate originally established was too high. I have formed the opinion, after talking to the various steamship owners, that when a vessel is fully loaded broken stowage usually amounts to about 20 percent. Results of the Red Sea operatoins indicate broken stowage on these vessels ranging from 20 to 49 percent. It is suggested that the rate be reduced from 75 and 60 cents per bale cubic foot of the underdeck cubic capacity of the vessels to 60 cents per bale cubic foot for 80 percent of the entire underdeck cubic capacity of the vessels with no allowance for on-deck cargo.

3. In lieu of the space charter hire rate hereinbefore mentioned, substitute the rate of hire published by the United States Maritime Commission in press release 970 and add thereto $2.70 per dead-weight ton per month, representing charterer's expenses absorbed by owners under the provisions of the Space Charter Agreement. As a matter of information on a vessel of between nine and ten thousand dead-weight tons, this would produce a time charter rate of $7.30 per dead-weight ton per month.

Immediate release.

UNITED STATES MARITIME COMMISSION,
Washington, July 30, 1941.

Below is a scale of maximum time charter rates for United States and foreign flag vessels in which the Commission will concur for charters in which their concurrence is indicated on and after August 1, 1941.

	Per dead-weight ton per month on summer freeboard up to 12 knots
10,000 dead-weight tons and up	$4. 50
9,000 to 9,999	4. 60
8,000 to 8,999	4. 70
7,000 to 7,999	4. 80
6,000 to 6,999	4. 95
5,000 to 5,999	5. 10
4,500 to 4,999	5. 25
4,000 to 4,499	5. 45
3,500 to 3,999	5. 65
3,000 to 3,499	5. 85
2,500 to 2,999	6. 05

No vessel to receive more charter hire than a vessel of the lowest tonnage in the next higher class can earn at the rate shown for that class.

Motor ships: $0.55 per dead-weight ton per month additional.

Motor ships: $0.10 per dead-weight ton per month for each one-half knot in excess of 12 knots.

Steamships: $0.10 per dead-weight ton per month for each one-half knot in excess of 12 knots.

Extra rates based on speed will apply on actual proved performance under load conditions (Maritime Commission formula.)

Rates include marine and protection and indemnity for vessel and crew—account owner.

Crew bonus contingent upon voyage ports of call account charterer.

War-risk insurance account charterer. Unless otherwise approved by the Commission the basis of war-risk valuation will not exceed $100 per dead-weight ton.

The above rates and conditions do not apply to passenger liners, car ferries, sea trains, refrigerators, tankers, or vessels under 2,500 dead-weight tons. Rates

and conditions for vessels in these latter categories will be considered individually on the respective merits of each case.

The Commission requests berth rates, lump-sum charters or other freighting arrangements to be so made that the yield to owners and/or operators will not exceed the above charter rates for the type of vessel normally employed in the trade plus reasonable additional allowances for management overhead, profit and loss risk, etc. Conferences are requested to submit complete new tariffs in accordance with the above not later than August 15 with rates, when concurred in by Commission, to be effective September 1, 1941. Rates which are now shown as "open" should be "closed" and specific rates indicated for commodities now rated "open." Operators in trades where there is no conference and nonconference operators are requested likewise to submit complete rate schedules in tariff form not later than August 15 with rates, when concurred in by the Commission, to be effective September 1, 1941. This rate filing request is not made with respect to transportation which is subject to statutory regulation by other governmental bodies.

Between August 1 and the date when new berth and other rates are adjusted to conform to the above charter hires, owners and operators are requested to make arrangements between themselves for owners' vessels placed in trades other than those in which the owner himself operates, on a consignment or agency basis mutually satisfactory to the owner and the operator. The maximum agency or consignment fee for general cargo services which the owner should be required to pay to the operator in such cases should not exceed 1 cent per cubic foot (vessel's bale cubic) per month subject to a minimum of $2,000 per month. For bulk cargoes the fee should not exceed one-half cent per month, minimum $1,000. All arrangements made in accordance with this paragraph should be submitted to the Commission for their concurrence.

For release in papers of Monday, January 5, 1942.

UNITED STATES MARITIME COMMISSION,
Washington.

In accordance with its policy of maintaining steamship charter and cargo rates at as reasonable a level as possible, the Maritime Commission today announced a new scale of maximum time charter rates for United States and foreign flag cargo and tanker vessels, effective January 20.

The new scale, which cancels those announced by the Commission on July 30, 1941, for dry cargo vessels and on August 22, 1941, for tankers, materially reduces existing rates.

At the same time the Commission announced that in order to have freight rates conform approximately with time charter rates, all ocean freight rates, with the exception of those specifically approved by the Commission within the past few months and those under the jurisdiction of the Interstate Commerce Commission, should be adjusted to the level of rates as of September 1, 1940, to which may be added an approved surcharge to cover increases in operating expenses which has occurred since that date.

The present maximum time charter rates are based on $4.50 per dead-weight ton for a 12-knot dry cargo vessel of 10,000 dead-weight tons or more and $4.50 for a tanker of 10 knots and 10,000 dead-weight tons or more. The new scale for all types of vessels is based on $3.25 per dead-weight ton per month on 10-knot vessels of 10,000 dead-weight tons or more. This ranges up to $6.05 per dead-weight ton per month on vessels of 1,000 or 1,499 dead-weight tons.

In arriving at the new rates efforts were made to permit the vessel owners a fair return after allowing for cost of operation, overhead, depreciation, and allowance for survey.

When steamship lines establish to the satisfaction of the Commission the necessity and amount of surcharge required, the Commission will authorize the application of surcharge to include additional expenses due to increased cost of war-risk insurance (valuation for war-risk insurance is subject to Commission approval), crew insurance, crew bonus, internment insurance, and increased length of voyage. The Commission stated that no request for a surcharge will be entertained, the result of which would produce a return higher than the equivalent of the time charter rate.

The new scale of time charters provides for adjustments based on speed. An additional charge of 10 cents per dead-weight ton per month is permitted for

each knot in excess of 10 knots, up to 14 knots. Thereafter 5 cents per dead-weight ton per month for each half knot over 14 knots. For vessels whose speeds are less than 10 knots, there are correspondingly lower maxima. Under the present scales there are no reductions for speed below the basic speed.

The new rates will be incorporated into the ship warrants system and will be a condition for the continued holding of warrants and the issuance of new warrants.

Below is the maximum time charter rates for United States and foreign flag vessels in which the Commission will concur for charters in which their concurrence is indicated on and after January 20, 1942:

	Per dead-weight ton per month on summer freeboard on 10 knots
10,000 dead-weight tons and up	$3.25
9,000 to 9,999	3.35
8,000 to 8,999	3.45
7,000 to 7,999	3.55
6,000 to 6,999	3.70
5,000 to 5,999	4.00
4,500 to 4,999	4.20
4,000 to 4,499	4.40
3,500 to 3,999	4.60
3,000 to 3,499	4.90
2,500 to 2,999	5.20
2,000 to 2,499	5.50
1,500 to 1,999	5.75
1,000 to 1,499	6.05

No vessel to receive more charter hire than a vessel of the lowest tonnage in the next higher class can earn at the rate shown for that class.

Motor ships $0.32 per dead-weight ton per month additional.

Adjustments based on speed—

$0.10 per dead-weight ton per month in addition to above tabulated rates for each knot in excess of 10 knots up to 14 knots. Thereafter 5 cents per dead-weight ton per month in addition to above tabulated rates for each one-half knot over 14 knots.

Ships under 10 knots and down to 9 knots, 8 cents per dead-weight ton per month less than the above tabulated rates. Under 9 knots and down to 8 knots, 16 cents per dead-weight ton per month less than the above tabulated rates. Under 8 knots, 24 cents per dead-weight ton per month less than the above tabulated rates.

Adjustments based on speed will apply on actual proved performance under load conditions (Maritime Commission formula).

Rates include marine and protection and indemnity for vessel and crew—account owner.

Crew bonus to be for account of charterers.

War-risk insurance on vessel to be for account of charterer.

Extra marine insurance occasioned by trading beyond institute warranties limits and war-risk insurance account charterer. Valuation for war-risk insurance is subject to Commission approval.

The above rates and conditions do not apply to passenger liners, car ferries, sea trains, refrigerators, or vessels under 1,000 dead-weight tons. Rates and conditions for vessels in these latter categories will be considered individually on the respective merits of each case.

The above rates will be incorporated into the warrant system and will be a condition for the continued holding of warrants now outstanding and will be a condition precedent to the issuance of new warrants.

MARCH 25, 1943.

Hon. JOSIAH W. BAILEY,
Chairman, Committee on Commerce, United States Senate.

DEAR SENATOR BAILEY: In response to your request for further information regarding the Red Sea charters, I wish to advise as follows:

(1) It has been my opinion for some time that the rates for the Red Sea charters were too high. As a first corrective measure, the rates were reduced in August of 1941 about 25 percent. After the voyage returns had been substantially compiled during the latter half of 1942, it appeared that the earnings, especially on

the earlier voyages, were still too high and I then called in the operators and demanded that they renegotiate. I also advised the Comptroller General of the situation and brought the matter to the attention of the chairman of the House Merchant Marine Committee as an appropriate subject for investigation under his special investigatory powers. To be fair, I must concede that my views as to the rates were based upon hindsight, the controlling factor being that the owners were given a charter rate high enough to protect against hazards, which did not materialize.

(2) The figures quoted in newspaper accounts as to profits earned on Red Sea voyages are misleading. The quoted figure of $26,000,000 listed as profit is voyage profit, after deducting voyage expenses but before deducting the costs of overhead, depreciation, and taxes. It would be equally misleading to list the profits of a manufacturing company by deducting selling expense only from its sales revenue. The profit figures quoted in the press are subject to substantial deductions ranging up to 80 percent before the true net profit remaining after overhead, depreciation, taxes and other proper deductions can be determined.

The press accounts of the values of vessels are equally misleading in another direction, since the figures shown reflect book values rather than actual market values risked in the enterprise. The market values of vessels of the average type used in the Red Sea charters were ranging around $75 per dead-weight ton and upward at the time, whereas the book values quoted in the papers appear to average about $10 per dead-weight ton.

The qualifications of these figures are being developed by the House committee in the course of its investigation. In the meantime, the publicity following the initial release of the revenues and values of the vessels involved appears to have created an erroneous impression that should be corrected.

Sincerely yours,

E. S. Land, *Chairman.*

PERSONNEL EMPLOYED ON LEND-LEASE WORK

Mr. Wigglesworth. This personnel that you set up under War Shipping Administration and United States Maritime Commission is exclusively for lend-lease work; is it not?

Admiral Land. Yes, sir.

Mr. Wigglesworth. So that in effect you expect to use some 624 people between the 2 agencies on lend-lease work, over and above the force you have for your other operation?

Admiral Land. Yes, sir; that is correct.

Mr. Wigglesworth. I am not clear why you need to double your force for the War Shipping Administration.

Admiral Land. In my preliminary statement, I attempted to indicate the additional amount of tonnage in millions of tons that we expected to move. That, in turn, involves an increased force to handle it all the way down the line, and it naturally follows that administratively, in order to do a greater job, you have to have a greater personnel with which to do it.

Mr. Wigglesworth. Will you double that tonnage?

Admiral Land. It runs from about 12,000,000 up to over 20,000,000 tons; it is not quite double, but it is approximately that. There is no fixed limitation, except the question asked us by Mr. Stettinius: "Can you move it?" And our answer in the affirmative, "Yes". We may move more; we may move less, depending upon his activities and the activities of the Allied Nations with regard to this subject.

Mr. Kirsch. Not only is it a matter of doubling the force, but the War Shipping Administration started from scratch. In building up a force for the fiscal year 1943, there were 184.3 man-years of positions. So far as positions are concerned, the War Shipping Administration now has under lend-lease activity approximately 250 employees,

which will meet the figure of 390 positions during the fiscal year 1944. So that we are actually going from approximately 250 to 390.

Mr. WIGGLESWORTH. Have you authority for more than 184 now?

Mr. KIRSCH. This is 184 positions.

Mr. WIGGLESWORTH. Have you authority for more than that now?

Mr. KIRSCH. No, sir.

Mr. WIGGLESWORTH. Where did you get this extra force from? In the Budget break-down, you are asking to increase the force from 184 to 390.

Mr. KIRSCH. That is 184 man-years. This is 390 positions in 1944.

Mr. WIGGLESWORTH. Are not both years on the same basis?

Mr. KIRSCH. Yes; but where an employee is appointed during the year—let us say he is appointed January 1—that man-year position is 0.5 rather than one position.

Mr. WIGGLESWORTH. The man-years and the dollars and cents both are approximately double what was apparently authorized for the present fiscal year.

Mr. KIRSCH. That is true, sir.

Mr. WIGGLESWORTH. I think that is all, Mr. Chairman.

ESTIMATES OF PROBABLE RECAPTURE ON RENEGOTIATIONS

Mr. LUDLOW. Admiral, do you have any estimate of the recapture or excess in the case of these chartered vessels based upon what would be a reasonable readjustment of rates?

Admiral LAND. Any idea of the recapture?

Mr. LUDLOW. Yes; of the total possibility of recapture.

Admiral LAND. I do not know what that will be.

Mr. LUDLOW. On an equitable basis.

Admiral LAND. I know that we have set up a renegotiation committee in the War Shipping Administration following the one in the Maritime Commission and also following the one in the War Department and in the Navy Department, and we are progressing on that to the best of our ability, particularly in the matter of getting properly qualified personnel to go through this under the renegotiation law, in order to safeguard the Government and the interests of the taxpayers, so far as we can.

Mr. LUDLOW. In your judgment, would it be a large amount?

Admiral LAND. I do not think it would be a very large amount; as compared with the Army and the Navy it will not be. For that matter, the Maritime Commission renegotiation operation is not large compared with the Army and the Navy because in my judgment the Maritime Commission contracts are far better than many of the other agencies of the Government on the question of profits, because we have no cost-plus-fixed-fee prices, but cost-minus. So that the recapture is going to be relatively small. On the over-all picture of the Maritime Commission there will be recapture, but under the law the term is 10 years before we know what that will be. That is the reason we set up these reserve funds, so that it is impossible for us to give you accurate information on most of our transactions as compared with some of the other agencies of the Government, because of the conditions that we have. But that they will be smaller, relatively speaking, I can assure you now. We have had considerable success in renegotiation and we think we have an excellent staff. It is entirely too small.

LIVES LOST IN THE MERCHANT MARINE

Mr. Ludlow. In all discussions of losses on the sea, it is always expressed in terms of tonnage. I wonder if you can express it in terms of lives lost. Have you any figures on that?

Admiral Land. Yes. I do not have them with me. But we keep very close track of our merchant marine personnel and our losses, and they are published occasionally and compared with the armed forces. The last time I saw them they were above the 4,000 mark, dead and missing. After a certain length of time, the missing become dead, but sometimes there is a great length of time that elapses between the time they are missing and the time they turn up. Rickenbacker was 21 days out and some of these people were out even 83 days. There is always a lag from 6 weeks to 3 months, so far as the accuracy of the figures is concerned. The Coast Guard and ourselves work hand in glove on all of these merchant marine losses of lives.

SIZE OF CREW ON MERCHANT VESSELS

Mr. Ludlow. Let us take a typical ship under your jurisdiction. About how many would be in the operating crew?

Admiral Land. On a Liberty ship, between 43 and 50. The gun crew runs up from 25 to 30, depending upon the type and number of guns aboard. So that a Liberty ship with 10,000 tons displacement would have approximately 80 people aboard under normal operations at the present time.

Mr. Ludlow. In what percentage of cases would you say the loss of life has been total and in what percentage partial?

Admiral Land. I do not know. I know that our losses, comparatively speaking, have been higher than those of the armed services. Our personnel started out in 1939 at about 55,000. It is going to be built up to 150,000. But that is almost a drop in the bucket compared with the Army, and a small percentage compared with the Navy.

Mr. Ludlow. I think that is all.

CHARTER OF ENGLISH VESSELS

Mr. O'Neal. I would like to ask one question. I notice you have $* * * here for chartering English vessels. When you charter English vessels, do you make your arrangements with the English owners, just the same as you would with an American owner?

Admiral Land. We deal directly through our Combined Shipping Adjustment Board, with members on this side and the Ministry of War Transport on the other, through Mr. Harriman, rather than directly with the owners.

Mr. O'Neal. But you are directly responsible to that owner through the British agency?

Admiral Land. Yes, sir.

Mr. O'Neal. Admiral, would it be a proper thing for England to make that sort of an arrangement on a reimbursable basis?

Admiral Land. It is a mutual arrangement and works through the pool, through the Combined Shipping Adjustment Board. Whatever arrangements are made, they are not unilateral but bilateral and

where more than one of the United Nations are concerned, it may be multilateral.

(Discussion off the record.)

Admiral LAND. It is possible that I did not quite understand your first question, Mr. O'Neal. As a matter of fact, we do not charter British ships.

Mr. O'NEAL. But you have an item of * * * for charter hire with the British Government, in your break-down, as I recall.

Admiral LAND. We have a three-cornered agreement between the British, the Norwegians, and ourselves, but I do not recollect the item.

Mr. O'NEAL. The item I refer to is on page 8, under the heading "British Empire, * * *, for charter hire."

Admiral LAND. Those are Norwegian and Dutch vessels.

Mr. O'NEAL. Those are not British vessels?

Admiral LAND. No, sir.

Mr. O'NEAL. You do not have any charter hire of British vessels?

Admiral LAND. No, sir. We have this reciprocal arrangement where we lend ships to them and we pay the hire, and they lend ships to us and they pay the hire. It is reciprocal.

EXTENT OF LEND-LEASE AUTHORITY OF WAR SHIPPING ADMINISTRATION

Mr. TABER. You have no lend-lease appropriations and no lend-lease authority in connection with your appropriations other than your part of the $18,400,000,000 direct appropriation, outside of the 200-ship transfer authority in the first act?

Admiral LAND. Except as modified——

Mr. TABER. By subsequent acts?

Admiral LAND. That is correct.

Mr. STETTINIUS. That is explained on page 47 of our last report to Congress.

Mr. TABER. These ships, in this authority, going with appropriations amounting to $1,296,650,000 and $3,850,000,000 in the First Supplemental 1942 and the Fifth Supplemental 1942—you have authority to lease ships out of that group; that is, you have authority to lease ships up to $5,100,000,000, something like that?

Admiral LAND. That is correct.

NUMBER OF SHIPS LEASED

Mr. TABER. Will you give us a picture of how many ships have been leased?

Admiral LAND. One hundred and sixty four, large and small.

Mr. TABER. To whom?

Admiral LAND. Various countries.

Mr. TABER. Of what value?

Admiral LAND. Roughly $25,000,000.

Mr. TABER. When was that done?

Admiral LAND. From time to time since the Lend-Lease Act was passed.

Mr. TABER. There have been no ships constructed other than small craft out of the $18,400,000,000 appropriation?

Admiral LAND. Of the 18.4 billions appropriated to the Lend-Lease Administration, allocations of $71,000,000 for facilities construction

and $569,655,000 for ship construction have been made to the Maritime Commission. We have constructed 43 shipways, and built or building 1,513 ships of which 1,252 are small craft and 261 are cargo vessels and tankers. The majority of the small craft have been turned over to our allies in the combined war effort. The larger vessels, as completed, are placed in operations under the American flag and operated for Army, Navy, for lend-lease cargo carrying and in services for our own domestic requirements. Some few of these vessels may be leased or transferred to foreign allied governments.

Mr. TABER. I think that covers what I had in mind.

AGRICULTURE DEPARTMENT

AGRICULTURAL PROCUREMENT FOR LEND-LEASE PROGRAM

STATEMENTS OF HON. CLAUDE WICKARD, SECRETARY OF AGRICULTURE; HON. CHESTER DAVIS, WAR FOOD ADMINISTRATOR; HON. ROY F. HENDRICKSON, DIRECTOR, FOOD DISTRIBUTION ADMINISTRATION OF WAR FOOD ADMINISTRATION; MAJ. RALPH W. OLMSTEAD, DEPUTY DIRECTOR OF FOOD DISTRIBUTION ADMINISTRATION

The CHAIRMAN. Mr. Secretary, I know always that in times of peace, or war, you have to come back to the farmer, and especially in time of war we have to come back to him for that most indispensable munition of war—food.

Now, the proposition here is to provide food for our lend-lease purposes. The Budget estimate for agricultural procurement for the Department of Agriculture for food is $2,694,531,600, and for nonfood, $165,662,100, or a total of $2,860,193,700.

Now, have you a statement, Mr. Secretary?

GENERAL STATEMENT

Secretary WICKARD. I am glad to appear before this committee in support of the appropriation now being considered to carry on the food part of the lend-lease program and to point out how much that part of the program has accomplished in sustaining and strengthening the allied cause.

The lend-lease program came into existence to help the nations fighting for the principles that the people of this country cherish. Through times of the greatest peril it has helped those nations hold on against all but overwhelming forces of aggression. In doing so, it also has added to our own security here at home as we prepared for and met the challenge of the same aggressors.

It was just 2 years ago, in the spring of 1941, that we began our lend-lease shipments of food to the British people.

They were at that time reeling from the blows of the great blitz. Their cities and ports had been subjected to merciless and devastating bombings. The food and other supplies we were able to send gave them new courage and inspired them to still greater resistance.

Since that time we have continued our aid not only to the British civilian population, to strengthen their productive power on the home front, but also to the British armies that have so valiantly met and hurled back the German thrusts in the Mediterranean area. We have seen our food and other weapons of war help carry our British allies from the shadow of the blitz terror to an offensive role that is still gaining in power.

We are also proud of the opportunity we have had to help the Russian people in their magnificent stand against the Nazi invaders. We are happy to have given them some of the food they needed during their valiant and successful defense of Stalingrad, the raising of the siege of Leningrad, and their great offensive victories of the past winter.

Through our aid to these countries and others of the United Nations, we have been able to bring contantly increasing pressure against our enemies. The hammering blows of the British and American bombers on Axis ports and industries, the heroic campaign of the Russians, and the Battle of North Africa in which our own forces have participated—all these are heartening developments backed, in substantial part by lend-lease supplies.

Of course, lend-lease shipments have cut down our food reserves in this country but I know the vast majority of the people concur when I say I am happy that we have been able to make this contribution for the cause of world freedom. It was a small sacrifice in comparison with the sacrifices that have been made and are now being made by our allies and our own forces on the fighting fronts.

Other representatives of the Department of Agriculture and of the Lend-Lease Administration are prepared to go into detail as to the total quantities of food required for lend-lease purposes and the relation of these requirements to our domestic food situation. They also will discuss the question of the funds needed for this part of the program.

I know that the sharing of food with our allies is one of the most practical ways of strengthening the entire war effort and bringing victory nearer, and I believe the proposed amounts for this purpose are reasonable and necessary.

I especially want to stress the way in which the lend-lease program for food is coordinated with the entire food strategy of the United Nations.

Food has been given increasingly high priority as the war has developed, and with the reoccupation of the countries now under Axis control, food requirements will continue to expand. It will, therefore, become increasingly important for us to make sure that all of the food resources of the United Nations are in the fight.

We have already made important progress in this direction through the combined food board, which was set up last June by joint order of President Roosevelt and Prime Minister Churchill, and on which I have the honor to represent the United States. I would like to give you a few examples of how the combined food board is bringing about the best use of other sources of food and thereby adding to the effectiveness of the lend-lease food program.

For instance, an arrangement recommended by the board was worked out and accepted under which the British Ministry of Food became the sole purchaser of meat from Argentina, Brazil, Paraguay, and Uruguay.

The meat purchased is being distributed to the various United Nations with part of the supplies going to the military forces of this country, according to recommendations of the board. This unified buying plan was adopted to conserve shipping, to make possible the orderly allocation of South American meat, and to bring about the most effective use of the limited supplies of tin available for canning. By assuring our armed forces of a top priority on South American canned beef, the arrangement has relieved some of the pressure on meat produced in the United States.

We are now working out a plan for coordinating the buying and allocation of salt fish from Canada, Newfoundland, and certain other producing areas, in order to bring about the most equitable distribution of this important food resource.

One of the most complicated problems with which the board has to deal concerns the production and distribution of fats and oils of the United Nations. Fats and oils are not only of great importance from a dietary standpoint, but in some cases are absolutely necessary in the production of glycerine, which is used in the manufacture of explosives. The United States has to import a very large part of the kinds of fats and oils which are high in their yield of glycerine. It has been possible to get agreement, through the combined food board, as to the areas in which the United States and the United Kingdom will purchase fats and oils, and also broad agreement as to the distribution of these supplies among the importing countries.

As we are especially interested in seeing that all the resources of North America are brought into the war effort, we have worked out special arrangements with Canada—supplementary to the activities of the board. At my invitation the Canadian Minister of Agriculture came to Washington in January. This meeting resulted in two general understandings—first, that Canada would supply as much food as possible to the United Kingdom and others of the United Nations, thus lessening the pressure on us for lend-lease supplies; and second, that in the rationing of food there would be substantially equal sacrifices by the people of both countries. An understanding also has been reached under which Canada has agreed to make a special effort to increase its production of such important products as flaxseed, beans, and cheese.

In these and other ways we have been able to make more effective use of the food resources available to the United Nations.

From our country we have already sent millions of tons of food to our allies, thus adding to their strength and endurance to fight for us and with us. With the growing offensive weight of the United Nations it is possible right now for us to see just how fortunate that investment has been. It is a program based on the plainest kind of common sense because it is helping bring victory closer every day it is in active operation.

The CHAIRMAN. $165,000,000 is asked here for the purchase of nonfood agricultural products. What is the character of those nonfood products?

Secretary WICKARD. If you do not mind, I would prefer to have Mr. Davis or Mr. Hendrickson go into the details because they are more familiar with them than I am. I just know about them in a general way.

The CHAIRMAN. Have you any information as to the dollar value of the supplies being sent to each country?

Secretary WICKARD. I cannot give you that in detail. I would prefer that Mr. Davis answer that.

The CHAIRMAN. Let me go a bit further. Would you care to tell us anything about the relative amount in quantity of lend-lease material sent abroad as compared with the supply available at home?

Secretary WICKARD. Again, I would like to have Mr. Davis or Mr. Hendrickson answer that. Do you mean what has been sent abroad or will be sent?

The CHAIRMAN. That you have sent, and propose to send.

Secretary WICKARD. I can only give it to you in a general way.

DIFFERENTIATION BETWEEN AUTHORITY OF SECRETARY OF AGRICULTURE AND THE FOOD ADMINISTRATOR FOR WAR AS TO LEND-LEASE ACTIVITIES

The CHAIRMAN. Would you differentiate as to the authority of the Secretary of Agriculture and the Food Administrator for War as to these lend-lease activities?

Secretary WICKARD. The purchase of lend-lease food is being done by the Food Distribution Administration under Mr. Hendrickson. The Food Distribution Administration is a part of the War Food Administration under Mr. Davis' direction and supervision.

The CHAIRMAN. And the demarcation of duties as between the two is closely drawn, or does the Secretary have certain duties and the Food Administrator certain duties in that connection, or does it all fall upon the Food Administrator?

Secretary WICKARD. Most of the duties of lend-lease are handled by the War Food Administration.

The CHAIRMAN. I would like to ask you one question before you go.

FOODS IMPORTED FROM ABROAD

What amount of food is being imported into the United States from abroad?

Secretary WICKARD. The amount of food being imported from abroad?

The CHAIRMAN. Yes.

Secretary WICKARD. It is necessarily very small.

The CHAIRMAN. It consists largely of what?

Secretary WICKARD. Well, I would like to have Mr. Wheeler give those amounts.

Mr. WHEELER. The principal items are fats and oils. They are used primarily in this country in the manufacture of glycerin.

The CHAIRMAN. And sugar and coffee. How about meats? Is there any importation of meats into the United States?

Mr. WHEELER. There are some Mexican cattle.

The CHAIRMAN. Do you purchase any foreign food for lend-lease purposes, the food delivered to our allies? Is it all bought in the United States, or is some of it purchased abroad?

Secretary WICKARD. Yes, we do purchase some food abroad for lend-lease delivery and to help meet scarcities at home—foods that

are especially scarce in this country—including in purchase abroad, for example, sugar, a small amount of beans and rice, and some fats and oils.

EXTENT OF FOOD SHORTAGE FOR CIVILIAN POPULATION

Mr. LUDLOW. Do you see anything in the picture anywhere with respect to a serious shortage of food for the civilian population of this country?

Secretary WICKARD. I do not think there is any danger of a general shortage, but there are some items that we are going to be short on. Right now we are not getting potatoes, as you probably know, but that is temporary.

Mr. SNYDER. This expression of a famine in the papers is a wrong impression put out, in my estimation.

Secretary WICKARD. Yes.

Mr. TABER. So, for the details of these operations, we should ask Mr. Hendrickson as to what has happened?

Secretary WICKARD. I think it would be better.

USE OF VITAMIN A IN OLEOMARGARINE AND OTHER FATS

Mr. TABER. There is one thing in here I noticed that I would like to call your attention to and have you comment on it. I notice here an item "Vitamin A" being purchased, used to fortify oleomargarine and other edible fats in part because of a shortage of butter. I assume that is so as to provide the oleomargarine with some of the vitamin content that normally goes with butter; is that correct?

Secretary WICKARD. I should think so; yes.

Mr. TABER. And do you understand that is the practice?

Secretary WICKARD. You mean the oleomargarine being purchased for shipment abroad?

Mr. TABER. Yes.

Secretary WICKARD. Is that right, Mr. Hendrickson?

Mr. HENDRICKSON. That is right.

REASON FOR FOOD SHORTAGES

Mr. WIGGLESWORTH. Mr. Secretary, in the hearings on the extension of the Lend-Lease Act before the House Foreign Affairs Committee, you testified that our food production was larger by 5 percent than in 1942 and by 30 percent over 1939. You also testified that only about one-eighth of our total food production had gone to Government purchases—roughly 50–50, as between purchases for the armed services and purchases for lend-lease purposes. If those figures are correct, what is the explanation of the apparent shortages, and difficulties in the domestic situation at the moment?

Secretary WICKARD. I think that the chief explanation is that our people are consuming more than ever before. They have more money, and they are working harder and should have much more food.

Mr. WIGGLESWORTH. Can you put it in terms of percentage; how much more the armed forces, for instance, are consuming today than they consumed when they were not in the armed forces?

Secretary WICKARD. I think about 50 percent more, but I am not sure. I think that should come from some of the people in the armed services.

Major OLMSTEAD. About 25 percent.

Mr. WIGGLESWORTH. Twenty-five percent larger consumption for the man in uniform than he consumed out of uniform ?

Secretary WICKARD. Of course, the men in uniform are younger, a more vigorous type of man.

Mr. WIGGLESWORTH. He is the same man he was a year ago.

Secretary WICKARD. That is right.

Mr. WIGGLESWORTH. But he is consuming 25 percent more?

Secretary WICKARD. Yes.

Mr. WIGGLESWORTH. How about the rest of domestic consumption in terms of increased wages, and so on? Do you have any estimate of what that amounts to?

Secretary WICKARD. No. I cannot give you the over-all estimate. I could not answer that. That takes in a lot of factors that are not all available.

Mr. WIGGLESWORTH. Could you supply something for the record that would show the over-all increase in consumption today as compared with a year ago?

Mr. WICKARD. I think we could. If you do not mind, I would suggest 1940, or sometime before.

Mr. WIGGLESWORTH. All right.

Secretary WICKARD. I think that we might supply that for the record.

(The matter referred to is as follows:)

United States: Civilian consumption of food products, per capita, in 1941 and 1942 compared to 1935–39 average

Item	Per capita consumption			1941, as percent of 1935–39	1942, as percent of 1935–39
	1935–39 average	1941	1942		
Meats (dressed weight):	*Pounds*	*Pounds*	*Pounds*		
Beef and veal	63.1	69.0	69.5	109	110
Lamb and mutton	6.7	6.9	7.3	103	109
Pork	56.5	68.0	62.8	120	111
Total	126.3	143.9	139.6	114	111
Fish (dried weight):					
Fresh frozen	6.6	6.0	5.7	91	86
Canned	5.2	4.9	3.3	94	63
Cured	1.2	.9	.8	75	67
Poultry products:					
Eggs	37.5	39.3	40.0	105	107
Chickens	18.0	19.5	21.9	108	122
Turkeys	2.7	3.6	3.8	133	141
Dairy products:					
Total milk	806.5	814.0	854.1	101	106
Butter	16.8	16.0	16.0	95	95
Cheese	5.6	6.1	6.4	109	114
Condensed and evaporated milk	16.8	18.4	19.7	110	117
Ice cream	9.6	13.7	15.2	143	158
Dried whole milk	.13	.17	.13	131	100
Malted milk	.11	.13	.15	118	136
Fluid milk and cream	342.3	350.1	381.1	102	111
Fats and oils:					
Lard	11.0	14.3	14.0	130	127
Compounds (fat content)	11.9	10.5	8.9	88	75
Margarine and oils	2.3	2.2	2.3	96	100
Other facts	6.3	8.4	8.5	133	135
Total (fat content)	31.5	35.4	33.7	122	107

United States: Civilian consumption of food products, per capita, in 1941 and 1942 compared to 1935–39 average—Continued

Item	Per capita consumption			1941, as percent of 1935–39	1942, as percent of 1935–39
	1935–39 average	1941	1942		
Fruits:					
Fresh (except melons):	*Pounds*	*Pounds*	*Pounds*		
Citrus	48.2	57.5	55.2	119	115
Apples	43.1	36.3	32.9	84	76
Other	59.1	60.3	46.1	102	78
Canned fruits	15.0	20.0	15.5	133	103
Canned juices	5.2	10.6	6.1	204	117
Frozen	.7	1.2	1.5	171	214
Dried	6.1	3.7	4.1	61	67
Vegetables:					
Fresh:					
Leafy, green and yellow	82.1	78.6	81.7	96	100
Tomatoes	23.7	25.7	25.9	108	109
Melons	39.5	38.5	33.3	97	84
Other	61.5	63.6	65.9	103	107
Canned	30.0	42.4	40.9	141	136
Potatoes	130.7	127.1	125.1	97	96
Sweetpotatoes	23.4	20.9	21.4	89	91
Beans, dry	8.9	8.8	8.4	99	94
Peas, dry	1.2	1.2	.9	100	75
Sugar	97.0	105.1	87.3	108	90
Grains:					
Wheat	222.4	220.1	224.2	99	101
Rye	3.9	3.8	3.9	97	100
Rice	5.8	5.5	6.2	95	107
Corn	57.3	64.8	74.7	113	130
Oats	6.9	7.1	7.9	103	114
Barley	21.6	22.6	27.2	105	126
Coffee	14.0	16.1	13.5	115	96
Tea	.7	.8	.5	114	71
Cocoa	4.4	4.8	3.4	109	77
Index of food consumption 1935–39=100	100.0			111	109

It will be noted in a number of items in the above table that, the per capita consumption in 1942 was somewhat lower than in 1941 in relation to the average for 1935–39. The average for all the items, as indicated in the index number at the end of the table, shows that the level of civilian consumption per capita in 1942 showed 109 percent as compared with 111 percent in 1941, with the 1935–39 average as 100. This drop of 2 points from 1941 to 1942 reflects a reduced supply in some food items but not a reduction in purchasing power and demand. It should be noted, however, that this reduction still leaves the per capita civilian consumption in 1942, 9 percent higher than in 1935–39. As to 1943, for which only tentative estimates are available, the per capita civilian consumption probably will be only about 3 percent above 1935–39 average and about 6 percent lower than 1942. This, as in the case of the 1942 average, reflects reduced supply for civilian use after requirements have been met for military purposes and aid to our allies. (Source: Bureau of Agricultural Economics.)

The following paragraphs from the National Food Situation of April 1943 (Bureau of Agricultural Economics) are inserted in further explanation of food consumption in the United States.

Although food production in 1943, assuming average yields, is expected to be somewhat larger than the record food production in 1942, the Government has instituted rationing this year of processed fruits and vegetables, meats, canned fish, edible fats and oils (including butter), and cheese. Rationing of these commodities became necessary partly because of the large military and lend-lease requirements but mainly because of increased civilian demand.

Military and lend-lease uses will be allotted 20 to 25 percent of the prospective 1943 food production. Civilians will be allotted from 75 to 80 percent of the total output. The total share of the production allotted to civilians is approximately equal to the average yearly production for the period 1935–39. The civilian per capita supply of food will also be reduced to about the 1935–39 level.

As a result of increases in our military forces, the civilian population in 1943 will be more than a million smaller than the average civilian population in the period 1935–39, and the proportion of adult civilian consumers in 1943 will be

smaller than in 1935–39. However, with more people now able to purchase the foods which formerly were beyond their means, the demand for foods has more than compensated for the difference in the civilian population in these two periods. For example, if the consumption of meats in 1935–39 had been evenly distributed, the share per person would have been 126 pounds (dressed weight). However, in actual fact, a large section of the population was financially unable to purchase that much meat. On the other hand, many people in the upper income brackets consumed as much as 200 pounds per capita.

In 1943, the millions of people who have moved into the upper-income groups find themselves for the first time in a financial position to purchase at the prevailing ceiling prices, the quantity and quality of meat that they always desired. The demand for meat has, therefore, increased tremendously over 1935–39. Present estimates indicate that the average civilian demand for meat in 1943 will be as high as 160 pounds per capita. Since the civilian per capita supply of meats for the year as a whole is expected to differ little from the 126 pounds per capita consumption in 1935–39, rationing of meat became essential to the maintenance of price ceilings and more even distribution of the available supply. Again, the average per capita consumption of all food fats and oils (including butter) in the average year from 1935 to 1939 was about 48 pounds. The estimate of demand for 1943 based on ceiling prices and expected income is about 55 pounds per capita. The per capita civilian supply of fats and oils (including butter) for the year as a whole is expected to be about 46 pounds. Similarly the per capita consumption of all dairy products (milk equivalent) in 1935–39 was about 806 pounds. The demand in 1943 is estimated at about 855 pounds and the supply available for civilians will be close to 770 pounds.

The estimates of demand for a given commodity are based on normal relationships between consumption, price and income, and they do not take into consideration probable shortages in substitute commodities which further increase the gap between the effective demand and available supply. For example, because of relatively high ceiling prices and because, normally, cheese consumption is not an important factor in the American diet, the estimated demand for cheese in 1943 is only about 7 pounds per capita. However, this estimate assumes that the supply of substitute foods will be adequate. But with the expected shortages in meat, the demand for cheese may be as high as 10 pounds per capita. The amount of cheese that will be available for civilians in 1943 is 5.7 pounds per capita. Similarly, the civilian demand for chickens in 1943 is estimated at about 26 pounds per capita (dressed weight). Because of the increased production the civilian per capita supply is expected to be about 28 pounds per capita. However, considering the shortages in meats and other protein foods the demand for chickens probably will exceed even this record supply.

FOODSTUFFS IN WAREHOUSES

Mr. WIGGLESWORTH. As a part of the general picture, I have been trying to get from the Department of Agriculture a tabulated statement of foodstuffs in the warehouses of this country carried as surplus. I have not succeeded in obtaining that yet. Is there any reason why that information should not be furnished?

Secretary WICKARD. Do you refer to the space that the military people have?

Mr. WIGGLESWORTH. That which is carried as surplus.

Secretary WICKARD. In commercial hands?

Mr. WIGGLESWORTH. In the various warehouses of the country.

Secretary WICKARD. Well, Mr. Hendrickson might answer that.

Mr. HENDRICKSON. Do you mean that we have a surplus in our inventories?

Mr. WIGGLESWORTH. Well, the Surplus Commodity Corporation, for example, picks up food all along the line. I do not care about what is needed for the Army and Navy, but I would like to know what there is on hand as reserves, so to speak, as surplus in the warehouses in this country, and I would like it broken down by State, commodity and dollar value.

Mr. HENDRICKSON. I can give you that. The quantities are not very great, and what there is is now being liquidated because we are going out of that field.

Mr. WIGGLESWORTH. I wish you would furnish either by letter as already requested or on the record a statement that will show the situation by States.

Secretary WICKARD. We shall be very glad to write you a letter on this subject, Mr. Wigglesworth.

Mr. HENDRICKSON. When the commodity passes out of our hands to the State, it is no longer our property. We now have an arrangement under which the States are offering those commodities back again, and we are liquidating them. We will be glad to furnish that statement.

QUESTION AS TO ADVISABILITY OF FURNISHING SUCH LARGE VARIETY OF PRODUCTS TO OTHER COUNTRIES

(See p. 108)

Mr. O'NEAL. I do not know whether this should be directed to Mr. Wickard, or to whom, but I would just like to say that I have agreed, and am in agreement with the desire to help other countries in every proper way, but I personally very seriously question that it is our obligation, or that it is wise, to furnish all the food types mentioned here. I have always understood—and I am no dietician—that milk is a complete food to sustain life. You can sustain life and strength on milk alone. On meat and cheese you can almost keep a man healthy and strong. Yet here we have pretty close to $1,000,000,000 spent for fruits and vegetables to be prepared and sent over there, including grain and cereal products, sugar, chocolate, saccharine, lards, fats, and oils.

Now, even though we are generous and big-hearted in trying to help in any way we can, that type of food, I do not believe, is absolutely essential. Maybe it is desirable in our own homes to balance our diet with vegetables and things of that sort, but where our country is trying to help the world out, to keep up their strength, vigor and energy, I doubt very much that it is a wise thing to take a great amount of shipping space required for shipping things like fruit and vegetables, grains and cereals, and foods of that character. I believe they could still keep up their strength and vigor and energy and everything necessary, with cheese, butter, and eggs in greater quantity and less of the vegetable type. So I doubt the wisdom of our putting close to $1,000,000,000 into it, and, in addition to that, utilizing that space when we could send more cheese and foods of that character which are much better, I believe, for the production of energy and strength. I would like to have somebody say something about the desirability of it. I realize in our own homes we must have a beautifully balanced diet. We need so many carrots.

Our pioneer ancestors lived in the forests, largely, on meat. They undertook the rigors of the climate, they did their job without their oranges and a few other things that we get these days. Personally, I wish somebody would say something about why it is necessary at a time like this, which is a temporary proposition—1, 2, or 4 years, whatever it may be—that we have to give them all the refinements of

the food that a select dietician would request. I believe that we possibly are making a mistake in trying to furnish the peoples of Europe with their carrots and other vegetables and things of that kind, where cheese, butter, and meats and such foods have kept men fit for battle, and able to endure hardships. I doubt very much the wisdom of it, especially in the light of our shipping limitations and dangers.

The CHAIRMAN. It would be agreeable to you, Mr. O'Neal, to take that up with Mr. Hendrickson when we come to him?

Mr. O'NEAL. I would like somebody to discuss that item of almost a billion dollars.

The CHAIRMAN. We will have Mr. Hendrickson take care of that when we come to discuss it with him.

Mr. O'NEAL. I do not care whether it is the Secretary, or who it is, provided someone will answer that. Is Mr. Hendrickson the one to answer that?

Mr. HENRICKSON. I will take a crack at it when the time comes.

The CHAIRMAN. The Secretary has indicated he is not in a position to discuss that.

Mr. O'NEAL. I would rather send more cheese, butter, and eggs.

INCREASE IN CONSUMPTION OF FOOD

Mr. RABAUT. I want to follow up the remarks made by Mr. Wiglesworth, my personal friend, from Massachusetts, relative to how much food is being used and how much food was used heretofore.

You know, our draft system is sort of an indicting confession of this country—32 percent of the people of draft age rejected and 8 percent more rejected when they went into the armed forces, which does not speak well when we consider we had a statement by Dr. Parran some time ago and some other officials who said there were a great, great number of people in this country, and mentioning the number, who were living on rations that were in the danger zone on the diet line. I think in the 1941 poll there were 50,000,000 people in this country who, in answer to the question "Do you get enough to eat?" said "No," and some 20,000,000 people in this country have been living on meals that averaged 5 cents a day.

So that you could not make any comparison between what people ate before and what people are eating now; because this is the first time that war dollars have caught up with American appetites and a great many people are eating today who never ate before. And, of course, people who had good meals and luxury meals before are competing for the first time for food. There is a big thought in that whole subject.

The CHAIRMAN. Mr. Secretary, do you fully approve of the lend-lease policies as indicated in this estimate and do you recommend the appropriation of this amount of money to finance lend-lease activities?

Secretary WICKARD. Yes, sir. I have gone over the policies in a very general way. I think they are reasonable and necessary.

Mr. WIGGLESWORTH. And in your opinion the shipment of that food is not going to jeopardize the essential needs of the country at home?

Secretary WICKARD. No, sir, I do not think so. And I would like to add to that, that if we are going to win this war in the shortest possible time, we have to pool our resources and send them where

they will do the most good. I think this estimate and the past expenditure for lend-lease food is a step in the direction of getting this food to the place where it will do the most good for the Allied cause.

The CHAIRMAN. Thank you, Mr. Secretary.

WEDNESDAY, MAY 5, 1943.

SHIPMENTS OF AGRICULTURAL COMMODITIES UNDER LEND-LEASE

The CHAIRMAN. Now, Mr. Davis, would you care to make a statement on this item?

Mr. DAVIS. Mr. Chairman and gentlemen: During the last 2 years, the total shipments for lend-lease purposes out of the United States have amounted to approximately 6,000,000 long tons of agricultural commodities. In the next 14 months, the estimates set forth in the Budget statement before the committee call for 9,000,000 tons. And to make that possible, a recommendation is before the committee of approximately $2,860,000,000 to finance this.

Except for a relatively small number of items that are listed in the Budget statement as nonfood items, which include cotton, tobacco, and naval stores, the rest of this sum is for food, as the Secretary has said.

The statements before the committee give detailed break-downs of those food items, but I want to say in advance here, for myself, as the Secretary did, that, if additional facts on the proposed details of these lend-lease items are wanted, there are officers of the Food Administration here, headed by Mr. Roy Hendrickson, who will be glad to go into those details.

With the committee's permission, I should like to present just four general points on which I would like to lay emphasis. I have not been here long enough to be thoroughly familiar with the details of past operations, and would not want to pass an examination by the committee on the details of the proposed budget. I would be glad to discuss with you any item I am familiar with, however.

EFFECT OF PROGRAM UPON FOOD ECONOMY OF UNITED STATES

The first of these four points I want to mention is that the program outlined appears to be reasonable in terms of its impact on the food economy of the United States; it is possible of fulfillment without impairing supplies of our armed forces or causing undue hardship on our civilian population.

If the food requirements of our allies were based on the most efficient use of shipping, if that were the sole criterion of what we should ship from this country in the prosecution of the war, then the drain on our supplies would be a great deal heavier than the drain proposed in this budget. It is much more efficient to use our ships, of course, to haul from the United States to England, a comparatively short haul, than it is to move food items from Australia to England, or the scene of war, which is a relatively long haul.

The food requirements in this budget represent quantities which can be shipped from the United States in view of our supply situation. Full attention was given to considerations of shipping efficiency.

The proposed budget, I think the committee should understand, cannot be viewed as a firm commitment, because it extends in part to crops that are not yet in the ground, that have not been planted. If there is a crop failure or other serious impairment for any reason in our production this year, it would be necessary in some items to make a reduction or adjustment from the estimates that are given here. To provide for this situation, that is, where we cannot make firm commitments, where we do not know what we are going to produce, a system of food allocation is now in operation.

In getting at this, the food requirements of the armed forces of the United States, of our civilian population, and our allies are assembled by the Food Distribution Administration of the Food Administration, of which Mr. Hendrickson is the head. These requirements are lined up alongside of our estimates of supplies that are available, and tentative reductions or other adjustments in the requirements are then made. Those tentative adjustments are then discussed with our own armed forces, people who are responsible for their purchases, with the people who are representing the foreign claimants for lend-lease shipments, with the agencies responsible for the civilian requirements, and other agencies of the United States. And after full consideration has been given to all of these various needs and including recommendations that come from the Combined Food Board which Secretary Wickard mentioned, the Food Advisory Committee, the Inter-Agency Food Allocations Committee and the Office of Lend-Lease Administration—after all of these have been consulted and have taken part in discussing these allocations, the allocations are finally made by the Food Administration.

Thus, when the supplies of a commodity are inadquate to meet all of the needs, allocations are made to the armed forces, the civilian population, and to our allies in terms of the relative urgency of their needs, as nearly as they can be estimated, and those allocations may be revised on 90 days' notice. You cannot have them firm and binding throughout the 14 months covered by this budget.

Mr. TABER. What do you mean—that you have to go along on just what this set-up is for 90 days, regardless of what may develop in the meantime?

Mr. DAVIS. We are not bound to the budget we have here for 90-day periods, but in working out the allocation of commodities such as meats, fats, oils, dairy products, dried and dehydrated vegetables, the allocations are made covering a period of 90 days and on 90 days' notice they can be revised.

Mr. TABER. Ninety days' notice to whom?

Mr. DAVIS. Ninety days' notice to the claimant agencies affected.

The CHAIRMAN. Complete your statement, Mr. Davis.

Mr. DAVIS. Other commodities than these I mentioned, that is, those under allocation—meats, fats, oils, dairy products, and dehydrated vegetables—will be brought under allocation as rapidly as it is necessary and practicable. And through the use of this system of allocations I believe assurance can be given to the committee that our own position, as well as the position of the various claimants, will be given adequate protection against what may happen further in the future than we can foresee.

SELECTION OF COMMODITIES ADAPTED TO WARTIME SUPPLY

The second point I want to emphasize to the committee is that commodities that are proposed for lend-lease shipments are in general especially adapted to wartime supply. This in part, gets at the question Mr. O'Neal wished to have discussed. During the last 18 months, large industrial facilities have been created and brought into operation in this country to dehydrate and compress food, to improve its packaging, and to get the greatest food value possible in the smallest amount of shipping space.

Carrots, for example, in all cases are shipped in dehydrated form, very much compressed, and packaged as the committee has seen there. Some improvements can be made in this process and we are giving all possible encouragement to the extension of developments in that line. It is necessary to make these changes slowly and with caution, because it is pretty easy to sacrifice quality and ship a product which would not be useful at all unless care is taken in its development.

More than 500,000 tons of dried and dehydrated products, including milk, eggs, meat, fruits, and vegetables, have been shipped with a saving in shipping space ranging from 50 to 90 percent. At least a quarter of a million tons of shipping, which is the most critical of all the war needs, has been saved by the development and shipment of concentrated foods.

NEED FOR FOOD SUPPLIES BY ALLIES

The third point is that the food supplies in this budget are desperately needed by our allies. I think that point was covered very well by the Secretary. It is impossible for England to get enough food from her own production to carry on without help from the outside, and particularly without help from the United States. Traditionally, England is a food-importing country and has to depend on imports to provide adequate food for her armed forces and civilian population, which, as this committee knows, is doing an excellent job of war production itself. But England's food supply depends on getting transportation through Axis submarine-infected waters with a limited number of ships, and the United States is the most practical source of supply. For 3 years the people of England have been on rations much shorter than our own and, without our help, they would not have had any kind of adequate diet at all.

As to Russia—Russia has lost to the Germans a food-producing area that is roughly comparable in size and productivity to our own middle western United States. To feed her Army, Russia has to have help from the United States. The food rations of the civilian population in Russia today, I am told, are well below safe levels of nutrition, and the food supplies that are received in Russia from the United States, almost without exception go directly to the Quartermaster Service of the Russian Army or are used to replace stocks that have been taken for Army use.

CONTRIBUTION OF SUPPLYING OF FOOD TOWARD WINNING WAR

The fourth point is that food supplies that already have been sent to our allies have clearly contributed toward the winning of the war, which is the thing that is paramount with all of us. All other factors being equal, we should not overlook the fact that while at one time a complete blockade would have exhausted England's food supplies in a matter of a very few days, we have contributed substantially to the building up of those supplies to a point where starvation through blockade is no longer reasonably probable.

As for the Russian people, no one could say that any single factor is the key to the accomplishments of the Russian arms, but our shipments of food are an essential factor in the total equation which has made the victories of the Russian Army possible. An objective study of the Russian supply situation points to that conclusion, and military spokesmen of Russia have recently stated it emphatically.

There are some of the considerations that cause me to recommend that the committee approve the proposed estimate. If there are any future developments that necessitate a change in the program, I would appreciate the privilege of being given an opportunity to meet with the committee and bring them to your attention.

The CHAIRMAN. For the present, you endorse the policy as indicated?

Mr. DAVIS. Yes, sir.

The CHAIRMAN. And approve this appropriation?

Mr. DAVIS. Yes, sir.

DUTIES OF OFFICE OF FOOD ADMINISTRATOR

The CHAIRMAN. What are the duties of the Office of Food Administrator, Mr. Davis? First, what are your duties generally and, secondly, what is your function with reference to lend-lease activities?

Mr. DAVIS. I cannot say I have found out what all of my duties are yet, Mr. Chairman. In the first place, I have been, since I came down here, primarily concerned to see that everything is being done that can be done from this end to stimulate maximum production this year in the United States.

In the second place, I have been studying the form of organization and its adaptability to the purposes of a War Food Administration.

In the third place, I would say my time has been fairly well taken up in trying to study our adjustment as a Food Administration to other agencies of the Government that operate generally in the same or a related field.

Our function is primarily concerned with the production and distribution of food. Our relation to lend-lease is that, being charged with responsibility for assembling and allocating food among the claimants, insofar as it is subject to allocation, we have to pass finally on the recommendations from all of these sources and determine how far we can go to meet lend-lease demands without, at the same time, having too great an impact on our civilian economy, or infringing on what is needed for the conduct of the war by our own armed services. Our big job for lend-lease is the procurement of agricultural products acquired under lend-lease and the transportation and delivery of the food to shipside.

The CHAIRMAN. You do not believe that the lend-lease plan as projected here will unduly deprive the United States of food material that should be retained at home?

Mr. DAVIS. No, I do not.

FOOD RATIONING IN OTHER COUNTRIES

The CHAIRMAN. Now, going to the heart of the question which has been raised here, you referred to rationing. Both Britain and Russia, I suppose, are on a strict ration system?

Mr. DAVIS. England is rationed. In Russia, the system of food distribution has always been controlled very closely and during this war it is my understanding that those controls have extended to degrees that have not even been thought about in this country.

The CHAIRMAN. Will you give us a comparative analysis of the Russian, British, and American ration for adults and children?

Mr. DAVIS. I cannot do it, because I do not know it, Mr. Chairman.

The CHAIRMAN. Is there anyone on your staff who could give us that information?

Mr. DAVIS. I think we could give you something in general. I want to say that we do have under way a joint mission under the Combined Food Board which is going to make a quick study of the diet in England and in the United States on a comparative basis, to get at just that very question. In Russia, I do not think information is quite so easily obtained, but I will see what we can find out.

The CHAIRMAN. And, if you can, we would be glad, when your remarks come to you, to have you extend any statement in the record as to the comparative rationing provided in Russia, in England, and in the United States, differentiating between adults and children.

Mr. DAVIS. Yes.

(The information requested is as follows:)

STATEMENT ON COMPARATIVE RATIONING IN GREAT BRITAIN AND THE UNITED STATES [1]

It is not easy to compare rations in different countries in a meaningful manner. Not only is it that rationed foods do not show total food consumption, but the variety of techniques used in various countries for rationing the same commodity, differences in commodities rationed, differences in grouping of foodstuffs, makes comparison extremely hazardous. For example, compare meat rationing in the United States and in the United Kingdom. In Britain, meat is rationed on a monetary value basis. At present, each person may purchase 1s. 2d. (about 25 cents) worth of meat per week. How much meat a person actually obtains under this scheme depends on the type and quality of the meat he wants. In addition, cured meat is rationed under a different scheme, while canned meat can be obtained under the points scheme. In this country all meats (as well as fats, oils, and cheese) are rationed under one scheme, and there is no way of foretelling how much meat a consumer will purchase with his points.

There are other difficulties in comparison which will be pointed out later. However, the following figures show the rations in the United States, Great Britain, and the Union of Soviet Socialist Republics.

GREAT BRITAIN

Sugar.—Eight ounces weekly.
Tea.—Two ounces weekly.
Jam and marmalade.—Four ounces weekly.

[1] Russian figures are not available for public release.

Meat (general).—One shilling and two pence weekly (about a pound of meat).
Bacon and ham.—Four ounces weekly.
Eggs.—Forty fresh eggs per year. Priority users (children 6–18 months), three a week.
Dried eggs.—About 1 dozen for 3 months (children under 5 years get 2 dozen every 3 months).
Milk.—Nonpriority customers: 3 pints weekly. Priority customers: Babies under 12 months, 14 pints weekly; children 1 to 5 years, expectant and nursing mothers, 7 pints weekly; children 6–18 years, 3½ pints weekly; invalids, about 2 pints daily.
Cheese.—Three ounces per week.
Butter, margarine, and cooking fats.—Eight ounces per week (butter 2 ounces, fats 2 ounces, and margarine 4 ounces).
Sweets and chocolate.—Twelve ounces for 4 weeks.

Some foods are available under the points scheme, which constitutes a separate rationing method. Each consumer is allowed 20 points a month which can be spent on canned meat, sausage, and fish; canned fruits and vegetables; dried fruits; biscuits; and other commodities.

Food eaten in restaurants, factory canteens, school canteens, and other public eating places is in addition to the regular ration allowances. It is estimated that about 12 percent of the total foodstuffs consumed by the civilian population is distributed through these channels. It will be noticed that bread, flour, fish, poultry and game, vegetables, potatoes, domestic fresh fruits, are not rationed and can be purchased as available.

The British have made special efforts to provide for the extra requirements of young children and of pregnant and nursing mothers. While children obtain only half the meat ration and, since July 1942, no tea allowance, they are given the priority status with regard to milk, eggs, and fruit juices. Children of 6 to 8 months may obtain 3 eggs weekly and those less than 12 months old are allowed 14 pints of milk weekly. Of course, families who are able to keep a small number of chickens, have for their own use more eggs than the ration.

In the United States only a comparatively small number of foodstuffs are rationed:

Sugar.—Eight ounces per week.
Canned goods.—Forty-eight points per month, which on an average makes possible the purchase of 5 to 6 pounds of these articles.
Meat, fats, cheese.—Sixteen points per week. Supply figures indicate that a per capita availability under ration is on the average of 1.5 pounds of meat per week, 9 ounces of all types of fats and oils, and 0.1 pound of cheese.
Coffee.—One pound for 5 weeks.

Obviously, these rationing figures as they stand by themselves are not very meaningful. It is necessary to consider the number of foodstuffs which are not rationed and which are freely available to compensate for restricted items. In this country a very large number of important foods are not rationed; in Britain, vegetables, potatoes, and bread, to mention a few significant foodstuffs, are not rationed; in the Union Soviet Socialist Republics, bread is rationed and potatoes were removed from the ration because they were not available in adequate quantities. Again, a ration allowance is not always synonymous with availability and it is necessary to consider to what extent the ration allowance can be taken up. In Britain, the Government practically guarantees that the ration will be available; in Russia, this is not always the case except with regard to bread. Another important factor is the existence of other methods of distribution—restaurants, canteens, etc.

In the last analysis, only a comparison between the quantities of foodstuffs actually consumed by the civilian populations, regardless of the method of distribution, gives a valid and significant picture. Such analysis is now being made, but it has not yet been completed.

The CHAIRMAN. And as to these other details, I suppose you would prefer that I take them up with your staff?

Mr. DAVIS. Yes. Mr. Hendrickson and Major Olmstead can give you a great deal more information than I can.

DISCUSSION OF FEED AND PRICE PROBLEMS CONFRONTING PRODUCERS OF STOCK, POULTRY, ETC.

The CHAIRMAN. There is one question I would like to ask. I have just returned from the Middle West, the center of meat production, I found a very anomalous situation there. Due to the uncertainty of the price which will be paid when livestock reach the market, cattle which ordinarily would be full-fed, finished—as we call it in that section of the country—are being sent to market before they are ready for fear that if they are kept to be full fed the discrepancy in the price of feed and a change in livestock prices which may be arbitrarily made at any time, may result in losses.

Mr. DAVIS. Are they going to slaughter?

The CHAIRMAN. Yes; as a result of this situation, steers are going to market, which if finished would go to market 300 pounds heavier to the steer. Many of the large feeders who have been handling cattle all of their lives are not buying southwestern cattle from the grass this year. And as a result cattle are going to market 500 pounds lighter than usual. The packers, in order to get supply demands for meat are buying them off the grass and selling them before they see a feed lot. In other words, on every steer marketed out there now we are losing from 300 to 500 pounds of beef, and a much better class of beef than we are getting.

As to hogs, if they were given any assurance as to price, they would finish them at 300 pounds. That is a lard hog and, as I understand it, lard is one of the objectives. One feeder came in to see me from Montgomery County who said he had a quantity of hogs ready to market at 220 pounds. But, in response to Department of Agriculture pleas for more meat he decided to run them up to 300 pounds. A few days after, the price of hogs suddenly dropped 95 cents overnight, and, within a few days had dropped $1.20 to $1.25, and his loss on the hogs, of course, more than destroyed any profit he might have made if he had sold them at once. As a result, livestock is going to market everywhere half-finished and we are losing vast quantities of meat.

You understand our feeders out there operate on a very narrow margin and they cannot afford to take substantial losses. They usually borrow from the local bank to pay for feed, or stock and cannot run the risk of even a minor loss. The result is that hogs are going to market unfinished. The week before I was out there, hogs were going into market at an average of 229 pounds, when, if feeders had any assurance they would as much as break even, they would have run the same hogs up to 300 pounds. So we are losing on every hog going to market anywhere from 35 to 85 pounds of pork and lard.

The same is true of sheep. They are not finishing lambs, because they are afraid to hold them.

Also this last week, or just a few days before, a price was put on broilers in concentration markets of 26 cents. That is 2-pound broilers say, in Chicago or St. Louis. That means 20 cents on the farm. At the present price of feed, they cannot make it pay. There is no margin. The result is that although a large number of chicks have gone from the hatcheries out into the field, production is already falling off materially and we cannot supply anything like the amount of poultry that otherwise would be produced.

Millions of pounds of beef, pork, lamb, and poultry are being lost at a time when we are being asked for increased production. We cannot take the risk.

It seems to be the general concensus—and I have talked to a great many feeders and producers in the last few days—that if you would standardize the price of steers at, say, 18 to 20 cents, the price of hogs at something like 16 to 18 cents,and so on down the line, you would get a larger amount of meat and much better meat at practically no additional cost to the consumer. The difference in cost to the consumer would be hardly appreciable. For instance, after that drop in hogs of $1.20 to $1.25, there was no drop in cost to the consumer on the retail market. The farmer lost but the consumer paid as much or more than he ever paid.

In view of the fact your principal duty and function is to encourage the production of food, do you think this policy of uncertainty and vacillation, under which the price of stuff goes up and goes down with resulting confusion in the market, is contributing to the production of beef, or do you think they might follow the plan that they follow in the production of munitions by paying sufficient, not necessarily to make it attractive, but by paying or guaranteeing sufficient to insure the producer he would get his cost of production at least; because those men out there cannot afford to lose?

Mr. Davis. In the first place, Mr. Cannon, I certainly do not favor a policy of uncertainty and vacillation, and I do believe in extending an assured price long enough out in the future so that the farmer will know he will come out when he starts his productive process. But on your proposition of feeding up livestock to extraordinarily heavy weights, there is another side to that which is giving us a good deal of uneasiness and, with your permission, I would like to discuss it.

The Chairman. We will be glad to have you do that. I am simply giving this to you as it was presented to me.

Mr. Davis. That is right.

The Chairman. What they want is the answer, and what we want is the answer.

Mr. Lambertson. I would like to corroborate that, because I just came from a visit to 10 counties in my district last week, and everything the chairman says about hogs and cattle is also true in my section of the country.

Mr. Davis. I think there is no question about it, and I think partly we have fallen down in our educational process of getting out to the country the story that we should be getting to them.

SUPPLY OF FEED

Here is the situation, Mr. Chairman. Starting on the question of the feed supply which, after all, is the thing that limits the amount of livestock we can produce in this country during the present year—and the feeding year, let us say, comes to an end October 1—the number of livestock we have on the farms of the United States now will have consumed all of the extraordinarily large corn crop we had last year. That was the largest corn crop we ever produced in the history of this country, due to extraordinarily favorable weather. We will probably go into next year, October 1, with no more corn carry-over than we had last October before we produced this enormous

crop of corn; in other words, with something like 500,000,000 bushels of corn carried over.

Now, the ratio between the price of hogs and the cost of corn——

The CHAIRMAN. And, in that connection, what about wheat? We are supplementing our corn with wheat out there.

Mr. DAVIS. That is right. We have, as you know, a large supply of wheat in this country, but it is not too large. I feel comfortable about having it, and while I think we should release that wheat for feed, in view of the situation I am going to describe to you, up to a certain point, I think it would be a mistake to chew up all that surplus wheat in view of what we may face in the way of demands for cereals to feed the people in the freed areas if and when we reach that point.

The CHAIRMAN. What is the carry-over of wheat?

Mr. DAVIS. As of July 1 next it is estimated that the carry-over will be 610,000 bushels. Canada, also has a large carry-over.

Mr. TABER. What do you mean by "carry-over"—anticipated carry-over from the new crop coming in?

Mr. DAVIS. We figure the wheat carry-over as of July 1. That is about what we will have. I have not looked at those figures recently. Here is what it means, though, in terms of livestock feeding. It means with the supply of livestock we have today on the farms we have eaten up, fed up, the biggest crop of corn we ever had in this country, and nobody can assure us that we are going to get anything like that amount of corn this year. God knows I wish we could depend on that. But we had 105,000,000 pigs farrowed last year, and the indications are that this year the farrowings will be 125,000,000 pigs as against a 10-year average of around 70,000,000 pigs. That is the number of pigs we are aiming at.

The number of cattle we have on the farms is an all-time high. It is not as sharp an increase as we have in hogs, but we have a very high figure on cattle. It is at the all-time high.

Sheep, I think with the exception of 1 year, is at an all-time high.

Poultry is at an all-time high.

And here is what we have staring us in the face that puts the other side to this, Mr. Cannon. The Bureau of Agricultural Economics, in a study that was reported to me a week or two ago, sums this up by saying the prospect is we will have about a 10- or 12-percent increase in the number of grain-consuming animals, or grain-consuming animal units, out on the farms this year. Yet if we get average crop yields, and we cannot figure on anything more than average yields, we will have a 10-percent reduction, approximately, in our feed supply compared with last year.

Now, with a situation like that, it is not wise, in my judgment it would be very unwise, and I so stated to the farmers of the Corn Belt, to feed to such an extent or to make the price ratio any more attractive than it is today and encourage them to eat up those reserves that we have of feed. It is going to make it extremely difficult to take care of the feed needed in the dairy regions, outside of the Corn Belt, and difficult to take care of the livestock population even in the Corn Belt, in my judgment.

I would like to send you a copy of that report, Mr. Chairman.

PRODUCTION OF HOGS FOR WEIGHT AND FOR QUANTITY

The CHAIRMAN. Let us differentiate there. Is it that we are feeding our stock to too good a weight, or is it that we are farrowing too many hogs and producing too many calves?

Mr. DAVIS. It could be both.

The CHAIRMAN. Would it not be cheaper, more economical, and cannot the consumer get better beef and pork and would not the food supply be better conserved if we fed to the ordinary finishing point, the way we have been accustomed to finish a steer or a hog, instead of producing an extra calf or an extra litter of hogs and half-feeding them? Why not educate or bring economic pressure to bear upon the farmers to produce a lesser number of livestock but a better character and quality of meat? Why not produce quality instead of quantity on the same consumption of feed?

Mr. DAVIS. Do not think I am obdurate here, Mr. Cannon, if I take the other side of that argument.

The CHAIRMAN. I am very glad to have you take the other side of the argument. That is what we want—to get both sides. In other words, here is the proposition: It is more economical to put 500 pounds on one steer and send it to market than it is to put 250 pounds each on two steers and send them to market lean and half finished; why not give the consumer better beef at the same price and at less work, worry, and cost to the farmer?

Mr. DAVIS. I do not wish to argue in favor of premature marketing, or the marketing of unfinished animals. But, if you crowd all of the weight you can on a steer, you reach the point of diminishing returns where the last two or three hundred pounds are quite expensive and you have animals that are too fat with too much waste in the trim.

The CHAIRMAN. We can give you any weight of hog you want; we can deliver to the St. Louis market any weight of steer that you want. We can give you weight at which you won't reach the point of diminishing returns.

Mr. DAVIS. We have a bunch of cattle fellows studying this question who I hope know more about it than I do. I do think, however, that we have to conserve the amount of corn going into finished cattle.

With regard to the hogs, I suppose the weight you speak of as being a low weight, 229 pounds, comes pretty close to the average we have had in this country, of around a 230-pound hog. And if you feed them to 300 pounds, I think you have too much waste there in fat.

The CHAIRMAN. The whole thing depends on whether you want a lard hog.

Mr. DAVIS. That is right.

The CHAIRMAN. It is not waste when there is a good market for lard, and when we butcher hogs in time of peace when there is no market for lard, then we send you around a 220-pound hog. But if lard is in demand, and we understand that is one of the critical needs at this time when the Russian soldier is putting lard on his black bread, we give you a 300-pound hog.

Mr. DAVIS. As I say, it becomes a question of the most efficient way to use our corn, which is the limiting factor, and I think the 300-pound hog is not the most efficient way to use it. I know we need lard; I know we need meat; we need all of those things. But we have to

figure out the most efficient way of using that corn, and try to work toward that end.

Understand, Mr. Cannon, I am not saying I have all of the answers now. I certainly have not. We are trying to evolve a policy that will encourage the farmers to make the most efficient use of their feed; then we are trying to encourage them to put in every bit of feed we can get, so that we won't be limited through the failure to produce. So I say let us get our policy agreed to and then let us go and tell the country about it, so that they will understand it.

The CHAIRMAN. You are getting down to the question right now. You say "Let us determine the policy and, when you determine on the policy, the farmer should be advised." Now, I had a delegation that came down to see me from Monroe County—you are familiar with that country?

Mr. DAVIS. Yes.

The CHAIRMAN. And they called attention to the fact that this drop in hogs and cattle is periodic; it comes in cycles. The farmer, as you say, is encouraged to produce. The newspapers, the radio, and every avenue of publicity reiterates "Food will win the war; we produce to the limit." Then comes a sudden and unexpected drop.

Mr. DAVIS. Yes.

The CHAIRMAN. I talked to cattlemen who were in the stockyards the morning the 95-cent drop came, and they said they never saw or hoped to see men in as great distress. Why could those men not have been notified before they went to the expense of production, before they answered the appeal to produce?

Mr. DAVIS. With corn at the price it is now, Mr. Chairman, and with the guaranteed market price of $13.75 that we have on hogs, there is a favorable ratio there for feeding hogs. We have that guaranty.

The CHAIRMAN. That was adopted too late. But even at that I would especially like to emphasize the fact that the ceiling on corn is having no influence whatever on the price of the corn that is going into hogs and cattle in the Middle West today. You can drive as I have driven along the highway between cribs filled with corn and not be able to buy a bushel at the Government price. As a result all corn out there is costing the feeders today approximately $1.20 per bushel and that is the standard price in my neighborhood.

But let me ask you this: You say our normal production was 70 million hogs?

Mr. DAVIS. 70 million pigs was the 10-year average number of pigs.

The CHAIRMAN. And we are producing this year 125 million?

Mr. DAVIS. That is the estimate, if they carry out their intentions in the fall litter.

The CHAIRMAN. Now, when this war ends, what is going to become of the surplus 55 million pigs?

Mr. DAVIS. Well, sir, Mr. Cannon, I cannot even worry that far ahead. I am worrying about what we are going to feed them with in 1944.

The CHAIRMAN. I know we have a lot of present pressing problems.

Mr. DAVIS. That is right.

The CHAIRMAN. We have to win the war, first, and we have a lot of problems that are right on us that we must try to solve right now.

Mr. DAVIS. We have to fight this war first.

The CHAIRMAN. But it certainly would be the height of stupidity if we did not look far enough ahead to see what is going to happen when this war ends.

Mr. DAVIS. I agree with you.

The CHAIRMAN. And know what will happen. It happened in 1920 and 1921. We saw the bottom drop out and hogs that were selling at from $24 to $28 after the war ended, sold for $3. Are you taking any thought for the future?

Mr. DAVIS. Yes. I think we have to have our controls extended and continued beyond the end of the war.

Mr. LAMBERTSON. The President said Sunday night, which has worried me, that they are going to continue to cut back on the cost of living. What does that mean—continue to cut back? Those are his exact words. Are you going to continue to make prices a little lower, or what does that mean?

The CHAIRMAN. They are cutting back at a time when everybody else is cutting ahead, Mr. Davis. We have just raised wages on the floor this afternoon, and we raised them for another class of employees week before last, and Mr. Lewis is today raising them without coming to Congress. Everybody else is going up but the farmer is being cut back. Now, he does not want the high prices he got in the last war although everybody else is getting more than they got in the last war. All he asks is parity and I trust, Mr. Davis, you will give some thought to assuring the farmer that he will get at least parity both now and after the war.

Are there any further questions? If not, thank you Mr. Davis.

DOLLAR VALUE OF AGRICULTURAL COMMODITIES REPORTED UNDER LEND-LEASE

Mr. Hendrickson, what is the dollar value of the agricultural commodities going abroad by countries?

Mr. TABER. You mean currently, or prospectively?

The CHAIRMAN. Both; we would like to have a report on those delivered and those to be sent with the money provided by this appropriation.

Mr. HENDRICKSON. I will take, first of all, what has been done since the beginning of the program in March 1941.

The CHAIRMAN. And let us have it as of the last day of April.

Mr. HENDRICKSON. During the calendar year 1941, 1,776,000 long tons of agricultural products were delivered for shipment to the United Kingdom, at an estimated value of $436,000,000. During that year, that is, 1941, we sent nothing to any other country.

During 1942, we delivered for shipment to the United Kingdom about 2,500,000 long tons of agricultural products, having a dollar value of about $797,000,000. Russia began to take shipments early in 1942, and during that year we transferred 593,000 long tons, having a dollar value of $193,000,000. Other nations were delivered about 15,000 long tons having a dollar value of about $2,000,000.

During the first 3 months of this year, that is, from January through March 1943, we delivered for shipment to the United Kingdom about * * * tons, having a value of about $195,000,000; to Russia, during that same period, about * * * tons having a

value of a little over $110,000,000; and to the other nations about * * * long tons with an estimated value of $5,500,000.

For the period ahead, the one we are concerned with in this budget——

The CHAIRMAN. Let me ask you right there: Are those dollar values stable? Do the prices range just about the same throughout the period and do you expect they will range the same during this coming year, if this appropriation is provided?

Mr. HENDRICKSON. While since March 1941, prices have increased appreciably on some items, for the estimate we have here, the requirements of the countries, as adjusted, have been computed on a dollar basis at about current rates. Because we have no way of forecasting what might happen to prices from here on, we are simply assuming that current rates will continue.

The CHAIRMAN. Now, for the coming period?

Mr. HENDRICKSON. For the period that is covered in this budget, the over-all figure which has been mentioned before, involves approximately 9,000,000 tons having a dollar value of about $2,860,000,000.

Mr. TABER. How many million tons, did you say?

Mr. HENDRICKSON. Approximately 9,000,000 tons, having a dollar value of about $2,860,000,000.

By countries of destination, these estimates, which include some nonfood items, run as follows:

Russia, about * * *, with a dollar value of * * *.

The United Kingdom about * * * and a dollar value of * * *.

The others in no instance exceed 88,000 tons, except for an allowance for the liberated areas, where a very heavy cereals item brings it up to * * *, with a dollar value of * * *.

I could divide those totals as between food and nonfood items, if you want it for the record, because I think that is a matter of some importance.

The CHAIRMAN. Please do that.

Mr. HENDRICKSON. For food alone, the total tonnage is 8,768,000 with a dollar value of $2,694,000,000; and for nonfood items, 318,000 tons, with a dollar value of $165,000,000.

RATIO OF EXPORTS UNDER LEND-LEASE TO DOMESTIC CONSUMPTION (SEE P. 105)

The CHAIRMAN. What percentage is that of the amount available for domestic consumption?

Mr. HENDRICKSON. It is very difficult to determine on an over-all basis, but we feel this would account for about 10 to 12 percent of our total supply—possibly lower, depending upon how much emphasis is given to any single item and how adjustments are made between items.

Mr. WIGGLESWORTH. Is that of both food and nonfood?

Mr. HENDRICKSON. Food items alone. With respect to the nonfood items, it would be a substantially smaller percentage of the total supply. For cotton, the figure would run to something like 2.9 percent.

The CHAIRMAN. Could you take the larger categories as shown here on exhibit D–2, such as dairy products and eggs, and give us the percentage with respect to those items? You may not want to touch on the smaller ones at this time.

Mr. HENDRICKSON. We have, in the exhibit that has been presented to you, a table showing the impact of this program on the total supply of each of our main food items, which I think is very interesting and helpful.

The CHAIRMAN. Where is that found?

Mr. HENDRICKSON. That is found in this pamphlet here.

You will notice, for example, on the first page, dairy products and eggs, the amount of evaporated milk to be delivered for shipment is placed alongside the estimated United States supply, which represents our best recent estimates, and the lend-lease percentage on evaporated milk is then shown to be 8 percent; dried skimmed milk, about 33 percent; dried whole milk, 20 percent; butter, 5 percent; and cheese, 19 percent.

Then, converting all dairy products to their fluid milk equivalent, the total program is shown to be about 4.6 percent of our domestic milk supply.

For all egg products, in terms of their whole egg equivalent, the program amounts to about 14 percent of our domestic supply.

The CHAIRMAN. If there is no objection—and I trust there will be none—suppose you extend that at this point for these other items that are listed on exhibit D–2.

Mr. HENDRICKSON. I shall be very glad to.

(The information is as follows:)

Percent of 1943 United States supply carried in lend-lease budget

(Adjusted to 12-month basis)

	Lend-lease percent of United States supply
Dairy products and eggs:	
Evaporated milk	8
Dried skim milk	33
Dried whole milk	20
Butter	5
Cheese	19
All dairy products, fluid milk equivalent	4. 6
All egg products, whole egg equivalent	14
Meat and fish (dressed weight[1] basis):	
Pork products	18
Beef and veal products	1
Lamb and mutton products	14. 2
Total, all meats	10. 7
Fruits and vegetables:	
Dried fruits	18
Canned fruits and juices	2
Fruits and vegetables—Con.	
Canned vegetables	1
Dehydrated vegetables	43
Dried beans and peas	21. 4
Grain and cereal products:	
Wheat and wheat products	5. 6
Corn and corn products	. 3
Oat products	. 9
Barley products	. 5
Soybean products	4. 5
Rice and rice products	10. 6
Lard, fats, and oils:	
Lard	31. 8
Margarine[2]	14. 1
Other fats and oils[3]	15. 0
Other foodstuffs: Ascorbic acid (vitamin C)	10. 6
Cotton	2. 9
Tobacco	1. 7

[1] Dressed-weight basis is a common denomination used by meat experts for the purpose of comparing canned meats, boned meats, carcass meats, etc.
[2] Based on actual weight, not fat content only.
[3] Excluding soap.

METHODS OF PROCUREMENT OF SUPPLIES

The CHAIRMAN. What about your method of procurement? Who buys these materials?

Mr. HENDRICKSON. Our method of procurement——

The CHAIRMAN. And how are prices determined?

Mr. HENDRICKSON. Our method of procurement is roughly this: We have continuous negotiations going on with the foreign food missions which are in this country, and with the Lend-Lease Administration, which clears all of the requisitions which come to us.

We handle purchases for a few other accounts in addition to lend-lease; there is the Hawaiian program, the Puerto Rican account, and other minor programs.

Our practice is, administratively, as follows: We are organized on the basis of related groups of commodities; we have very much the same groupings as are shown here; that is, dairy and poultry are together; livestock and meats, and so on.

The past year or two has been a great evolution in our method of purchasing. At the outset of the lend-lease program we used what we called the offer-and-acceptance system. That is, we would draw up our specifications, call upon anyone to bid on that basis, and then accept the lowest bids.

We had a good deal of competition at one time.

The CHAIRMAN. Competition as between whom?

Mr. HENDRICKSON. Competition between vendors; that is, for the opportunity of selling to us. Since shortages have developed on some items——

EXTENT OF CONTROL OVER PRICES FOR AGRICULTURAL COMMODITIES

The CHAIRMAN. It is now a seller's market, where formerly it was a buyer's market?

Mr. HENDRICKSON. That is right. Some items are still a buyer's market, however. But generally it has become more and more difficult to procure, particularly in those cases where the vendors in this country decided to protect their regular commercial customers, so far as possible, and were maintaining selective sale practices with a type of informal rationing among their wholesalers.

So we have had to turn, in the case of some of the tighter items, to a regulatory procedure, particularly as a result of the price ceilings which eliminated competition, and in which we were placed on relatively the same basis with other purchasers. That is, we are not in a position to pay more than civilian buyers.

The CHAIRMAN. You are in a position to dictate prices, are you?

Mr. HENDRICKSON. No, I would not say that. If we were out of the market, I would say that it certainly would be felt, but——

The CHAIRMAN. For example, if hogs were turned loose today, hogs would jump up into the 20's right away. All over this country there is not enough pork. The housewife comes back and says she could not get any bacon today or, if she got bacon, she could only get a half pound.

If you were just to let hogs loose for 1 day, the price of hogs would jump up into the 20's.

Mr. HENDRICKSON. That is right.

The CHAIRMAN. So somebody is dictating prices. If you are not dictating, are you participating in the dictation, or are you the beneficiary of the dictation?

Mr. HENDRICKSON. The job of determining prices is vested in the Office of Price Administration.

The CHAIRMAN. Are you cooperating or collaborating?

Mr. HENDRICKSON. Yes, we cooperate. Sometimes we are consulted, but the decisions are made by the Office of Price Administration. The result, however, Mr. Chairman, is this: We have been forced into a system of what we call set-aside orders whereby, employing regulatory authority, vendors at various levels are required to set aside for the Government a certain proportion of their total production; that is, for lend-lease purchases, the military services, and other governmental agencies.

Such orders have been issued for cheese, butter, rice, meat, spray-process dried milk, and a number of other items.

Under this system the processors are required to set aside for the Government a portion of their production. Such an arrangement is necessary if the Army and if our agency is to obtain these needed supplies.

PURCHASES IN ADVANCE

The CHAIRMAN. How far in advance do you buy your supplies?

Mr. HENDRICKSON. That will vary according to the nature of the commodity. In the case of meat, we have hardly been ahead of actual requirements for roughly 14 months. Our purchases of meat have largely been moved directly from the vendor to shipside.

In the case of certain seasonal commodities, like dried fruits, we buy very largely at one season of the year. The same is true of canned fish and certain items where there is one peak period of production. This tends to protect the civilian supply, for if we did not stockpile when these items were plentiful, we might have to strip the domestic market clean to meet certain out-of-season requirements.

In the case of wheat, we buy pretty much from hand to mouth with small reserves available at all times to meet shipping schedules, which are fairly difficult to anticipate.

STORAGE OF COMMODITIES

The CHAIRMAN. How and where are these commodities warehoused?

Mr. HENDRICKSON. We have four methods by which our commodities are handled. First of all, a good many of our purchases move right up to the docks in box cars from the vendors.

Secondly, we have in the case of most items a fairly substantial amount of what we call port storage.

Then we have space in the interior of the country within 24 hours or so of the ports. For shipment over the Atlantic coast, for example, we store a good deal at Cleveland, Pittsburgh, and other pionts about that distance from the coastal shipping facilities.

Then a good deal of our inventory is carried by the vendors themselves. In the case of lard, for instance, much of that is carried right in vendors' hands until we need to ship it.

The CHAIRMAN. You have ample warehousing facilities, then?

Mr. HENDRICKSON. On the whole, I would say "Yes." There are some tight situations. For instance, the Pacific Northwest has been loaded with so much war activity that it has been fairly difficult to obtain adequate space there at some points.

The CHAIRMAN. There has been criticism that you have paid exorbitant rates for storage. Have you had any difficulty in securing storage at reasonable prices?

Mr. HENDRICKSON. I do not believe we have. I am not aware of any criticism along that line, Mr. Chairman. We have rented a lot of space, there is no question about that. But we have never had any criticism on rates that has been brought to my attention.

The CHAIRMAN. You think you have secured storage at current, at prevailing rates?

Mr. HENDRICKSON. Yes, I think so.

LOSSES INCURRED THROUGH SPOILAGE

The CHAIRMAN. What losses have you had, Mr. Hendrickson, on goods, before they could be delivered in storage, or in transit?

Mr. HENDRICKSON. We have had some losses, not very many. In some instances there has been a shift in requirements which has left commodities on our hands. For instance, we had that problem in the case of evaporated milk. In the beginning of the lend-lease program, the British wanted very substantial quantities of evaporated milk. We offered a price which made it possible to pay farmers adequately and divert milk into evaporating plants.

About six weeks after Pearl Harbor, the British shifted their program because of shipping shortages and asked for as much dried milk as possible. They cut their requirements for evaporated milk by about 12 to 14 million cases.

We had a problem there, of preventing spoilage, because the quality of the tin that evaporated milk is packed in has been reduced somewhat, and when you store evaporated milk you have to turn it once at least every 45 or 60 days in order to avoid fat separation.

We had some losses, but I was quite astonished at the smallness of the figures. There was quite a lot of milk on hand in November 1942, none of which had been produced earlier than April 1942. Just about that time the industry became very short of evaporated milk, as a result of a hoarding spree in this country which started in November, and we released to the industry something over 5,000,000 cases in all. Vendors were given an automatic 10-day option to repurchase the milk which they had originally supplied us, before we offered it to others. I have checked with the industry repeatedly, and have been absolutely astonished at the very few instances in which spoilage was found. There would be an occasional case which wasn't usable. The trouble with evaporated milk is that you have a lot of cans in each case, and if one of them breaks, it messes up the whole case. But I would say that our losses on the whole program have been very small. We have handled over $2,000,000,000 worth of commodities, with total losses of less than one-tenth of 1 percent. Most of these have resulted from negligence on the part of vendors, warehousemen, and carriers, and adjustments have been made by them. The actual monetary loss to the Government has been only a small part of the one-tenth of 1 percent figure.

The CHAIRMAN. You give particular attention to avoiding loss, do you?

Mr. HENDRICKSON. We do. It is a very difficult problem. The number of foods that are of a truly perishable type in the form in which they are packed for shipment is relatively small, however.

For instance, in the whole Russian program, there is no need for any refrigerator space at all. In the case of the British program, there

is need for refrigerator space only on frozen meat items, and on practically none of the other items.

DISTRIBUTION OF DEHYDRATED FOODS

The CHAIRMAN. I see you have an exhibit of dehydrated foods. Are all of your fruits and vegetables dehydrated before transportation?

Mr. HENDRICKSON. No, not quite all of them. Our fruits are mostly dehydrated by the use of natural processes.

The CHAIRMAN. You send no vegetables and fruits abroad in their natural state?

Mr. HENDRICKSON. No. We did very early in the program, when other types were not available, but now we send practically none. We send some canned, but even this is a relatively small item.

For instance, in the case of Russia, this budget contains no dried fruits, no canned fruits and juices, and no canned vegetables. We propose to send the Russians only dehydrated vegetables and dried beans and peas; the latter are very big items in tonnage and value for the Russians.

In the case of the British, we will send them some dried fruits, some canned fruits and juices, but almost all of these, as a matter of fact, go direct to their armed services. We have to think of the British program in several parts. One part goes to the United Kingdom itself for civilians and the armed forces stationed there. One goes to the Admiralty, and another goes to the British armed services stationed all over the world.

In the case of the Admiralty and the British overseas services, some canned items are sent, but the emphasis is increasingly on dehydrated items.

The CHAIRMAN. Who finances your dehydration plants?

Mr. HENDRICKSON. The great majority of them are financed privately, although we have been using lend-lease funds for limited a number of plants.

The CHAIRMAN. You have a certain number of Government-owned plants?

Mr. HENDRICKSON. Yes. We have 19 approved projects involving approximately $4,305,000, which are divided as follows: Dried skim milk powder, 10 plants; cheese, 3 plants; dehydrated vegetables and fruits, 4 plants; concentrated citrus juices, 2 plants.

In the case of dried eggs, where by far the biggest expansion has taken place, we did not have to use a single cent of Government money. In the case of dehydrated vegetables, public investments have been very small compared to the expansion that has taken place. There were 20 plants in operation during 1941, and now there are about 215.

The expansion of dried skim milk production has been more difficult, because of the way the butter industry is made up. Butter manufacturing is largely in the hands of small farmer co-ops, and they have had difficulty getting private financial assistance to make the dried product out of their skim milk. The expansion in this field has been more dependent on funds supplied by the Government, and by Government funds in cooperation with the cooperatives.

The CHAIRMAN. What is the prospect for dehydration following the war?

Mr. HENDRICKSON. That is a very hard question to answer.

The CHAIRMAN. May we expect it to become a part of our economics after the war?

Mr. HENDRICKSON. I think we can expect a good deal of continued use of certain items, but not on all items. Dehydrated eggs, for instance, have been available for many years and have found increasing use so far as bakeries are concerned. But I do not think you will find the domestic consumer buying dehydrated eggs in any great quantity.

In the case of milk, the opportunities seem almost limitless, particularly because the methods have been perfected to the point that the reconstituted product is excellent.

Some dehydrated vegetables offer great opportunities, because they fit into the demand for dehydrated soups, which in the whole food field has been one of the fastest growing items for the last 3 years.

The CHAIRMAN. And accelerated because of a lack of tin?

Mr. HENDRICKSON. That is right.

The CHAIRMAN. On your exhibit 2 you have listed the various categories, beginning with dairy products and eggs, and on page 9 of this secret tabulation you have given us figures for the various categories, and so on.

Your total provision here for dairy products and eggs is * * * units for Russia at a cost of * * *; is that correct?

Mr. HENDRICKSON. That is correct.

The CHAIRMAN. For the United Kingdom * * * units at a cost of * * *.

For other countries * * * units, at a cost of * * *.

Your total is 649,934 units at a cost of $643,222,000.

Mr. HENDRICKSON. Yes, sir.

RATIO OF LEND-LEASE AGRICULTURAL COMMODITIES PROGRAM TO DOMESTIC PRODUCTION

(See p. 99)

The CHAIRMAN. As I observed before, compared with the estimated supply for 1943, this is 14 percent of the domestic production

Mr. HENDRICKSON. That is for eggs. In the case of milk, it is 4.6 percent of our estimated 1943 supply.

The CHAIRMAN. In comparison with 1924, the total estimate for fluid milk is 3.4 percent; whole egg equivalent, it is 10 percent.

Mr. HENDRICKSON. That is right.

The CHAIRMAN. And similar data is given in the following pages.

Mr. HENDRICKSON. That is right.

Mr. WOODRUM. In speaking of the impact of these foodstuffs that we are sending abroad, you mentioned several percentages; I remember particularly 5 percent on butter, and some others that I do not recall at the moment.

Mr. HENDRICKSON. That is right.

Mr. WOODRUM. Should we not bear in mind this fact, that that percentage—and it could be applied probably with greater force to other agricultural products—is 5 percent of a greatly expanded production?

Mr. HENDRICKSON. That is correct for most products.

Mr. WOODRUM. And if you thought of it in terms of what we had before this expanded production, it would be a very much greater percentage, obviously.

Mr. HENDRICKSON. That will vary, Mr. Woodrum, by commodities. For instance, in the case of butter, production has not expanded greatly.

Mr. WOODRUM. There were some others that you mentioned.

Mr. HENDRICKSON. In the case of eggs, we have had a tremendously expanded production.

Mr. WOODRUM. What is the percentage of the domestic supply of eggs that we are sending over there?

Mr. HENDRICKSON. For the coming period it would be 14 percent as against 10 percent for 1942.

Mr. WOODRUM. How much have we expanded the egg industry?

Mr. HENDRICKSON. Our production in terms or whole eggs in 1942 was 3,046,000 long tons. In 1943 we estimate the output will be 4,225,300 long tons, or an increase of over one-third.

Mr. WOODRUM. According to those figures, what we are sending abroad is really no part of our normal supply, but we are sending them perhaps the expanded portion of our production of eggs, for instance.

Mr. HENDRICKSON. What this means, Mr. Woodrum, is this: Our expansion in agricultural production has taken place over a period of several years. As a matter of fact, the expansion in 1943 over 1942 is going to be less by far than it was in 1942 over 1940. We are reaching the point where increased production is not as easy to obtain as it was.

In the meantime, however, our egg shipments are going up in terms of percentages.

Mr. WOODRUM. As a matter of actual fact, as the figures boil down, we have not really diminished our domestic supply of agricultural products and dairy products, especially. The American people have perhaps in a good many instances more now than they had before.

Mr. HENDRICKSON. There is no question about that.

Mr. WOODRUM. Notwithstanding what we are sending abroad. But they are needing more and using more.

Mr. HENDRICKSON. That is right.

Mr. WOODRUM. The suggestion has been made from time to time that there is a shortage of stuff now and that rationing is necessary because of the things we are sending out of the country under lend-lease; that is not true, then, is it?

Mr. HENDRICKSON. Mr. Woodrum, I think the very best illustration of that—and Mr. Cannon would be interested in this—is in connection with beef. The expansion in domestic demand for beef is so terrific that if the armed forces took none—and they take a lot—and if lend-lease took none at all—and lend-lease does not take very much—we would still have a shortage of beef in this country because of the greatly accelerated consumer demand.

ALLOWANCE FOR LOSSES IN ESTIMATING LEND-LEASE REQUIREMENTS

Mr. LUDLOW. There are certain basic amounts allocated for different categories of food products which I understand Mr. Davis thinks and you think are the minimum requirements of our allies. Is there figured in those amounts any percentage to cover losses in transit?

(Discussion off the record.)

The CHAIRMAN. As I recall, Mr. Stettinius, in his opening statement, told us that there was no allowance for losses.

Mr. STETTINIUS. The statement I made was that there was no provision made for contingencies of price rises or losses.

Mr. LUDLOW. I was referring to sinkings, Mr. Stettinius; losses in transit. Is there a percentage figured in here for that?

Mr. STETTINIUS. No.

Mr. LUDLOW. In other words, is this an overestimate to provide for a certain allowance of loss in transit?

Mr. STETTINIUS. No, sir.

Mr. TABER. Is it an estimate that is based upon the capacity of the country to supply, or is it an estimate that is based entirely upon the needs of the recipients?

Mr. HENDRICKSON. I would say, Mr. Taber, that a number of factors have been taken into account in connection with the preparation of this estimate. In the case of the United Kingdom, we insist upon evidence to the effect that they have tapped other sources of supply as fully as possible, before we supply them from here.

In many cases, however, it is difficult for them to tap other sources, by reason of distance and shipping.

The next factor is that we attempt to maintain at all times a picture of the uses to which this food is put, with a view of making certain that no excess is being supplied from here compared with their needs. We have been satisfied with respect to that repeatedly.

In the case of Russia, their requirements from the standpoint of need are substantially greater than are provided for in this estimate, based on the limited information that we have. But in their case more than in almost any other, the availability of shipping has to dictate the amount which can be supplied.

The CHAIRMAN. There seems to be a little bit of uncertainty, perhaps some misunderstanding, as to just what was said or what was intended to be said. We have had the statement made here that there was an allowance * * * for spoilage or for wastage; is that it?

Mr. HENDRICKSON. No, Mr. Chairman, I did not say that.

(Discussion off the record.)

The CHAIRMAN. If you will elaborate that when you come to revise your remarks, we will appreciate it.

Mr. WOODRUM. The fact remains that if we are going to be realistic about it, we know that they are not going to get all of that stuff over there without any sinkings.

Mr. HENDRICKSON. That is right.

(The information requested is as follows:)

ALLOWANCE FOR SINKINGS

In the total quantities of food stuffs requisitioned by our allies and approved by the office of Lend-Lease Administration, a slight allowance is usually provided in excess of minimum requirements to cover losses at sea. Requisitions for foodstuffs which will be paid for out of funds provided under this estimate will likewise be submitted with this allowance in mind. The estimate covering the cost of agricultural commodities does not, however, include any provision for such losses. Whatever losses occur at sea will be made up by transfers out of category 9, "Services and expenses." The funds in category 9, if reappropriated as requested, are available to cover contingencies which cannot now be foreseen, such as unusual price rises, demands for additional facilities, experimental work in connection with new food processes, and losses due to enemy action.

ADVISABILITY OF FURNISHING SUCH LARGE VARIETY OF PRODUCTS TO OTHER COUNTRIES

(See p. 85)

Mr. O'NEAL. Mr. Hendrickson, do you feel that we are now giving the maximum amount that we can to lend-lease purposes of meat, milk, butter, eggs and flour, without causing a certain amount of suffering in this country; or is it possible to expand beyond the amount now asked for here?

Mr. HENDRICKSON. It all depends on what living standard we want. If we are going back to some sort of an iron ration type of nutritional standard—which we all hope will not be necessary—we can spare a good deal more.

Mr. O'NEAL. But you think this is the maximum we can spare, to live as we are now living?

Mr. HENDRICKSON. I think on some of these items—not many—we could spare more.

Mr. O'NEAL. For instance?

Mr. HENDRICKSON. For instance, flour, very definitely.

Mr. O'NEAL. What about milk?

Mr. HENDRICKSON. Milk, some more if we had processing facilities to dehydrate more.

Mr. O'NEAL. What about meat?

Mr. HENDRICKSON. Possibly some more.

Mr. O'NEAL. What about cheese?

Mr. HENDRICKSON. We could spare some more cheese.

Mr. O'NEAL. Then those food products mentioned by you certainly are much more needed for the support of health and strength than many of the things mentioned here, such as dried fruits and vegetables. They have a greater food value so far as their use by a soldier is concerned, haven't they?

Mr. HENDRICKSON. I think dried fruits are very important from the standpoint of food value and balanced nutrition. Even here in this country we have the problem of trying to get a balanced diet which contains the essential vitamins, minerals, and proteins. You cannot exist very long, certainly, without, for instance, vitamins A, B, and C.

Mr. O'NEAL. Do not most doctors and dietitians tell you that milk is a complete food, the only complete food, except possibly eggs?

Mr. HENDRICKSON. I think that is correct.

Mr. O'NEAL. Then why do we not send more milk and less of a lot of these other materials which apparently take a great deal of shipping room. I cannot imagine any place, for instance, where dried fruit would do as much good as milk.

I realize that from the standpoint of perfect conditions, all of these vegetables and fruits are probably desirable to have. But when you get down to doing a job, and trying to get the most for the money, that is another proposition.

For instance, I see over there a dehyrated example of a quart of milk and next to it a quantity of oatmeal. The value to the person who needs caloric energy, the soldier who needs strength, is without comparison as between the milk and the oatmeal. If you can get more milk, why take up the shipping space with oatmeal?

Mr. HENDRICKSON. The first answer to that is this. We are taking, in the case of spray-process dried skim milk, between the military services and ourselves, 95 percent of the production at the present time, and it is very difficult to expand our productive capacity for that particular product. That is one part of the answer.

Mr. O'NEAL. I thought you said you could supply more.

Mr. HENDRICKSON. I say milk as a whole; I was not speaking about the form in which it has to go. You cannot very well send them fluid milk.

We can send them more cheese, probably, although I suppose that any nutritionist would agree that you have to have balance in any food program. Food not only has to satisfy your nutritional needs but it has to satisfy your appetite. It has to satisfy you psychologically. You have to have some variety in your diet. The monotony of the British diet during this war, for example, has been one of the biggest concerns of the British Government, so far as civilian morale is concerned.

Mr. O'NEAL. Is not that going pretty far, for us to try to supply that type of deficiency? If we supply meat, butter, eggs, cheese, flour is not that pretty much of the job rather than to try to send $43,000,000 worth of dry fruits; and * * * worth of prunes, for instance, to New Zealand? I am not trying to fill the record with a lot of captious criticism, but from the standpoint of hard commonsense and getting a dollar's worth for a dollar expended, here we are sending * * * worth of prunes to New Zealand. That does not make sense to me. I do not know what the explanation is.

Mr. HENDRICKSON. I can give you the explanation for that. Those prunes go largely for soldiers recuperating in hospitals in New Zealand, some of them our own.

Mr. O'NEAL. The Army provides foods for the soldiers. This is lend-lease.

Mr. HENDRICKSON. We supply a number of items that go to Australia and New Zealand for the use of their armies.

Mr. O'NEAL. I realize that, but is this * * * worth of stuff for Army purposes?

Mr. HENDRICKSON. My understanding is that it is for their Army.

Mr. O'NEAL. For their Army?

Mr. HENDRICKSON. That is right.

Mr. O'NEAL. Is not that a country where they raise fruit?

Mr. HENDRICKSON. I do not believe that much dried fruit is produced there. Some is produced in parts of Australia.

Mr. O'NEAL. If it is not a tropical country, it is in a south temperate zone, I believe?

Mr. HENDRICKSON. Yes.

Mr. O'NEAL. It is in a fruit-producing part of the world, certainly.

Mr. HENDRICKSON. That requirement has been screened very carefully, both by us and by Lend-Lease.

Mr. O'NEAL. Here is orange juice: Now, I am speaking about this from the practical standpoint. This may be for hospitals, for the use of babies?

Mr. HENDRICKSON. It is for babies and, in addition, a certain amount of it that is packed especially for bombing crews working out of England. That is one of the items that has been requested repeatedly. We have questioned the item repeatedly and have been

told that on long bombing expeditions a certain amount of fruit juice on the way back seems to be about as desirable and necessary as anything that those soldiers want.

Mr. O'NEAL. Here is an item of $2,347,000 of canned tomato paste and puree. Now, if we are talking about this with hard common sense, it is very difficult for me to see the need for that, although I may be all wrong about it.

On the next page, we have $97,000,000 for wheat, flour. That is not so hard to understand. But you can take those items right down the line: For instance, an item like oatmeal. That is not such a very big thing, but here is hot cereals, $3,087,000, or a total of $15,587,000 of that that we are sending over to other countries.

Mr. HENDRICKSON. I think it ought to be pointed out, in the case of tomato paste and puree, that a good deal is sent elsewhere to be packed with other products. For instance, we have certain fish in this country—and that is true in Canada and elsewhere—which is much more palatable when it is packed with tomato puree. That is true, for instance, of pilchard in this country.

Mr. O'NEAL. Under the heading of sugar, chocolate, and saccharine, $163,000,000 worth of it that we are supplying to other countries. Now, I can understand supplying some food like meat and bread and cheese, if we can find more space for that I do not see why we are not sending more of that and less of this.

Mr. HENDRICKSON. Sugar is a very important product from a caloric standpoint.

Mr. O'NEAL. How serious would it be if a man had a very limited supply of sugar? I understand that it is important and a fine thing to have a balanced diet, to keep a man in perfect health. But I am talking about what we are doing here to help them to keep going. To supply $100,000,000 of that it is just difficult for me to understand, from a hard common-sense standpoint.

Take all of the items at the top of page 12; dried fruits, $43,000,000; canned fruits, $9,000,000, almost $10,000,000; canned vegetables, $6,600,000; dehydrated vegetables, $56,000,000.

I should like a lot more of that to go into butter and eggs and milk, and that kind of food, which I believe will maintain strength and health. Of course, I realize that there are certain vitamins in these other products that are necessary, but it seems hardly common sense for us to be doing some of these things that we are doing.

Mr. STETTINIUS. At the bottom of page 15 there is an explanation that will probably be of interest to Mr. O'Neal on the saccharine and cocoa products. The saccharine is for medical purposes and the cocoa is for the British Admiralty and overseas services, especially for the British naval vessels.

Mr. O'NEAL. What I mean to say is that I do not believe it is our duty, or our job, to try to supply all the United Nations, or any group of them, with the finer things such as vegetables and fruits, prunes, and a lot of other things that we know men can get along without and do battle. It is going pretty far if we try to do that. Mr. Hendrickson stated at the beginning of his testimony that we could supply more milk without impairing what we need in this country, more meats, more flour, and more of the things that are really essential. This runs into a tremendous amount of money, and although it is idealistic and beautiful for us to do it, I still doubt very much if it is our job to supply

that sort of thing to them. I am thoroughly in accord with lend-lease and what you are trying to do, but I do not believe Uncle Sam is quite called upon to do that fine a job.

Mr. STETTINIUS. When you come to the question of making it possible for a sailor, or a naval officer, aboard a British man-of-war to have a cup of hot chocolate if he is used to it, or a pilot returning from a bombing expedition over Germany to have a can of grapefruit juice or tomato juice—if the medical authorities say that those are the things that he should have—I think that we ought to try to make such supplies available.

Mr. O'NEAL. $43,000,000 of dried prunes is a big order.

Mr. HENDRICKSON. That figure includes all dried fruit, such as apples, peaches, pears, raisins, apricots, as well as prunes. I think that you ought to take this factor into account. From a nutritional standpoint fruit is a very important item in our diet. The British, for instance, have always imported large quantities of fruit. Their domestic fruit production is very limited. Reports coming back from our observers there constantly emphasize the great shortage of that element in their diet.

(Discussion off the record.)

FREE DISTRIBUTION OF CITRUS FRUITS IN ENGLAND

Mr. LUDLOW. Could you throw any light on the free distribution of orange and citrus fruits to England? There is a footnote that says that the distribution is free by the Government, the distribution of citrus fruit.

Mr. STETTINIUS. May I answer that? Mr. Ludlow, sir; when I was in England I looked into this question of free distribution. This is a small bottle of concentrated orange juice [demonstrating with bottle], a spoon of which gives the vitamin content of a whole orange. This is distributed free in clinics to children under 6 years of age, to build up their strength because their diet has been limited largely to cabbage and boiled potatoes for the poorer classes of people. This orange juice is not permitted to be sold. It is allowed to be given only to pregnant mothers and children under 6 years of age.

Mr. LUDLOW. I appreciate it is a humanitarian thing. You say that it is restricted to those persons that you mentioned?

Mr. STETTINIUS. It is restricted to the undernourished, the underfed, the poor population, and expectant mothers, and children under 6 in the United Kingdom and given out through Government clinics.

Mr. LUDLOW. That is orange juice there. This says citrus juices. Are there any other juices, the distribution of those juices?

Mr. STETTINIUS. The unconcentrated citrus juices have gone to the military forces entirely.

Major OLMSTEAD. Yes.

Mr. STETTINIUS. There are also some concentrates shipped.

Major OLMSTEAD. The unconcentrated is exclusively for military use.

Mr. RABAUT. How many items are there on this free distribution list?

Mr. STETTINIUS. Very few.

METHOD OF DISTRIBUTING LEND-LEASE MATERIALS IN ENGLAND

Mr. RABAUT. How do they work the lend-lease? Are all of these materials we send obtained through the Government and then sent through channels of trade? How is it done?

Mr. STETTINIUS. Food sent to the United Kingdom under lend-lease is turned over to the Food Ministry. A large part of the food is distributed to the Army and Navy. Certain kinds of foods, as I have mentioned, are distributed free through clinics, hospitals, and schools. The balance for the civilian population is distributed by the Food Ministry through the established commercial channels. It is handled through wholesale grocers, and sold through retail stores at government-controlled prices just as it is here.

POSSIBILITY OF CONCENTRATING ON FOODS OF HIGH FOOD VALUE CONTENT

Mr. O'NEAL. You started on the assumption that you could get more milk. From the standpoint of the health of the country which you are serving, do you not think that the things used for that dry milk would be more valuable than the things used for canned vegetables and fruits of that sort?

Mr. STETTINIUS. We have run into great difficulties with priorities in equipping dehydration plants. It takes a considerable amount of critical and strategic materials, and Mr. Hendrickson's organization has not been able to finance as many of these dehydrating plants as we would like to see financed.

Mr. O'NEAL. Take cheese as a food. Why, a pound of cheese would be worth more in food value than 10 pounds of vegetables that you have there.

Mr. HENDRICKSON. Mr. O'Neal, we are anxious to get an increase of 1,000,000,000 pounds' capacity annually for dried skimmed milk, roller as well as spray. It is very difficult to get this expansion. Both the Russians and the British would like to have that item increased very substantially.

Mr. O'NEAL. It seems to me if you would concentrate on a lot of these high-food-value products it would be wiser—take the food value of a lot of your vegetables, is very little, and the doctors will say that. It seems to me you could do more good that way.

Mr. HENDRICKSON. I would like to ask for the privilege of inserting in the record here something with respect to the food value of these other items which I think is very substantial.

(The matter referred to is as follows:)

DOMESTIC SUPPLY SITUATION AND RELATIVE NUTRITIVE VALUES OF SELECTED COMMODITIES

Domestic supplies of meats, fats, and milk have been severely strained by increased consumer purchasing power in this country. Our current supply position is such that we could not send substantial additional quantities of these items under the lend-lease program without materially reducing standards of nutrition in this country and further accentuating current shortages. Every effort has been made in the past to ship those items which can be withdrawn from the United States supply with the least distrubance to our domestic consumption.

Many of the items recommended for shipment, such as dried fruits and canned and dehydrated vegetables, contribute to the diet nutrients that are no less important than the calories and proteins for which meat, fats, milk, and cheese are the

principal sources of supply. A diet limited to foods high in protein and caloric value is likely to be deficient in vitamin A and vitamin C and several essential minerals. Health suffers as much from lack of these supplementary values as it does from the lack of calories or proteins.

In addition, dried fruits and dehydrated vegetables have been specifically developed to insure the most efficient use of valuable cargo space. In most cases the cost of these items is substantially less than the cost of high-protein foods. For example, dried fruits cost an average of less than 15 cents a pound, while dried eggs average about $1.25 a pound.

Some degree of variety in diet is essential to obtain satisfactory consumption of any meals provided. The relatively small degree of variety accomplished by the shipment of such items as dried fruits and dehydrated vegetables is believed to be justified on this ground alone without regard to other considerations.

Nutrients in 1 pound of food

Item	Fuel value	Protein	Calcium	Phosphorus	Iron	Vitamin A	Thiamine	Riboflavin	Niacin	Ascorbic acid
	Cals.	*Grams*	*Mg.*	*Mg.*	*Mg.*	*I. U.*	*Mg.*	*Mg.*	*Mg.*	*Mg.*
Beef, boneless, carcass, medium fat	1,216	79	46	848	11.8	0	.72	.86	22.91	0
Pork, Boston, boneless, medium fat	1,238	75	44	812	11.3	0	7.80	1.06	40.4	0
Cheese, American Cheddar	1,783	108	3,960	2,767	4.5	7,711	.18	1.81	.91	0
Milk, dry skim	1,628	162	5,620	4,423	11.5	635	1.68	9.07	3.99	0
Potatoes, white, fresh	327	8	30	186	2.8	154	.34	.19	4.49	38
Flour, straight (Army issue)	1,615	51	73	458	6.8	------	.73	.20	4.99	------
Dried fruits:										
Apples	1,395	6	145	218	6.8	581	-----	.61	9.07	------
Apricots	1,324	24	390	540	22.2	26,309	.77	1.22	18.1	------
Peaches	1,338	14	200	572	31.0	15,422	---	.82	8.62	------
Prunes (without pits)	1,356	10	245	386	17.7	7,258	.68	.32	4.99	0
Raisins	1,352	10	250	499	13.6	0	.50	0	2.86	0
Tomatoes, canned	95	4	50	122	2.7	2,676	.36	.20	2.18	68
Tomatoes, juice, canned	104	4	32	68	1.8	2,676	.36	.20	2.18	68
Peas, green, canned	250	15	64	360	5.4	3,674	.59	.41	5.90	36
Orange juice, concentrate	------	------	------	------	------	------	------	------	------	1,122
Lemon juice, concentrate	------	------	------	------	------	------	------	------	------	993

Mr. O'NEAL. I just do not believe it is sound business to do it.

The CHAIRMAN. Are there any further questions?

BACKGROUND OF ADMINISTRATOR OF FOOD DISTRIBUTION

Mr. TABER. Mr. Hendrickson, what is your present position in the agricultural set-up here?

Mr. HENDRICKSON. Director of the Food Distribution Administration, which is now an agency of the War Food Administration under Mr. Davis.

Mr. TABER. Does it relate at all to the Agricultural Marketing Administration?

Mr. HENDRICKSON. We were formerly the Agricultural Marketing Administration. Then in December, 1942, certain other functions were added to the functions of the Agricultural Marketing Administration, and we were renamed the Food Distribution Administration.

Mr. TABER. How long have you been connected with that?

Mr. HENDRICKSON. Since August of 1941.

Mr. TABER. What did you do before that?

Mr. HENDRICKSON. Before that I was Director of Personnel for the Department of Agriculture.

Mr. TABER. And before that?

Mr. HENDRICKSON. Before that I was with the Bureau of Agricultural Economics.

Mr. TABER. How long were you a director of that?

Mr. HENDRICKSON. Prior to that time I was with the office of the Secretary of the Department of Agriculture.

Mr. TABER. How far back does that go?

Mr. HENDRICKSON. Well, I entered the Government service in 1933 in the Department of the Interior, and I have been with the Department of Agriculture since July 1934.

PRESENT INVENTORIES OF AGRICULTURAL COMMODITIES FOR LEND LEASE

Mr. TABER. Now, what can you tell us with reference to present inventories of agricultural products that you intend to ship across that you have on hand, both as to dollars and weight, or whatever units are used in connection with these calculations?

Mr. HENDRICKSON. We had on February 28, on hand and on order, an inventory valued at approximately $629,000,000. But this inventory is for both the lend-lease and other purposes. If you consider only the amount on hand and eliminate the amount on order and the amount held for other than the lend-lease account, there is roughly $270,000,000 of inventory for lend-lease. During the month of March, deliveries out of inventory were approximately equal to new purchases during the month, so that our March 31 inventory was approximately the same as on February 28. We have to have goods on hand in order to cope with the rather poor scheduling we get as far as shipping is concerned, especially in the case of Russia. Russia may drop in on us with a very large number of ships on relatively short notice.

Mr. TABER. You mean on the Pacific?

Mr. HENDRICKSON. On both coasts. Now, we attempt to manage that inventory very carefully, always moving the old products out first and keeping our actual physical inventory to a minimum.

Mr. TABER. What have the losses on inventories been?

Mr. HENDRICKSON. Losses have been very small.

Mr. TABER. Does "very" mean 1 or 10 percent?

Mr. HENDRICKSON. Less than one-tenth of 1 percent.

Mr. TABER. Now, how much in tonnage was your inventory on that date that you have?

Mr. HENDRICKSON. On February 28 we had 2,000,000 tons of commodities on hand and on order to be delivered later in the year—most of it on order than on hand.

Mr. TABER. Would you say that your inventory was approximately 2 or 3 months' operation, or would it be 30 days or would it be 15 days, or what would it be?

Mr. HENDRICKSON. That depends on the particular commodity you have in mind. In the case of meat, for instance, there would not be 30 days' inventory on hand. For some of our seasonal items, like dried fruits, there might be a 7 months' inventory, because we buy at one season and ship during most of the months of the year. I am sure that we do not have inventories that will extend more than 7 months for any one commodity. Seven months would probably be the inventory on dried fruit because our peak period for purchasing that is November and December.

Mr. TABER. Now, what are most of those items of dried fruits that you send? I notice that the dried prunes seem to be a small item going some place, but there is a big item of $* * * worth, miscellaneous dried fruits going to Great Britain, and then a small item of

dried prunes going to New Zealand. Now, 1,160 tons, something like that, have gone. What would the main body of dried fruits be?

Mr. HENDRICKSON. The two main commodities in that U. K. item of $* * * are raisins and prunes, followed by apples and a smaller amount of apricots. Prunes and raisins are by far the biggest items.

Mr. TABER. How are inventories held by the Commodity Credit Corporation, or the Agricultural Marketing Administration, in addition to the items that are held by Lend-Lease?

Mr. HENDRICKSON. The Commodity Credit Corporation has inventories confined to—very largely, I think—items acquired under its loan programs. Its inventories are largely cotton and wheat, and some naval stores.

Mr. TABER. And corn?

Mr. HENDRICKSON. Corn in a very small amount. The practice is that whenever the Commodity Credit Corporation has an inventory of an item desired for lend-lease shipment, we buy from them out of their inventory. Our inventory today consists of commodities for lend-lease, plus a small amount for the Hawaiian program, plus a small amount for the Puerto Rican program. We have a number of other small accounts, including the Red Cross, for which we make purchases and, in the process of turning it over to them, have the commodities in inventory sometimes for a month or two.

Mr. TABER. Would you say that that inventory was substantially a 2 or 3 months' supply, as a general rule?

Mr. HOOFNAGLE. The inventory at the present time, both on hand and on order for later delivery, is about a 3 months' inventory. As Mr. Hendrickson mentioned, for some items you will have an inventory good for several months and for others 10 or 15 days' supply.

Mr. HENDRICKSON. I think the point that should be made in that connection for Mr. Taber's benefit is this: Russia, for example, has not managed to get as much shipping as she wished during the past 3 months. We had to be prepared in some instances for an expectation of shipping well over what was actually realized.

Mr. TABER. According to this set-up, most of that inventory of things headed for Russia would be meats and dairy and egg products?

Mr. HENDRICKSON. Fats and oils are a very big item.

Mr. TABER. Yes. And a considerable amount of wheat items.

Mr. HENDRICKSON. Yes; although they have not lifted very much wheat as yet. They have not lifted any wheat to speak of, but they have lifted some flour.

Mr. TABER. You have your grain and cereal products.

Mr. HENDRICKSON. That is right.

Mr. TABER. And sugar is quite a substantial item. The fats and oils are quite big but not anything like the dairy items and the egg item.

Mr. TABER. And is your set-up moving to Great Britain more quantities?

Mr. HENDRICKSON. Yes.

Mr. TABER. Then why do you need such big inventories as you have? What are your inventories of dairy products, for instance?

Mr. HENDRICKSON. On February 28, 1943, we had on hand and on order 308,000 long tons of dairy products valued at about $72,000,000.

Mr. TABER. I assume that it is seasonal?

Mr. HENDRICKSON. Our peak season for dairy products will come during the next 2 months. Right now we should be buying more than

we are, in order not to disturb the market later in the year, when supplies are shorter. We may find it necessary, for instance, to issue a set-aside order on evaporated milk, and in connection with roller dried skim milk, in order to get the supplies that we need. It is almost impossible to work this out to the point where you can move stuff right from the vendor to shipside. We would like to do that but too much of our food production is seasonal. Our inventories, for instance, reach their peak during the fall, except for the dairy products, where we try to reach a peak in July because that is the end of the flush season.

Mr. TABER. Do you send much fish?

Mr. HENDRICKSON. Yes; we send quite a lot of canned fish.

Mr. TABER. Mostly to the United Kingdom?

Mr. HENDERSON. That is right.

Mr. TABER. Do they not have rather good facilities for fishing around their own territory, or has the war ruined that?

Mr. HENDRICKSON. We have recently made an analysis of the total fish supply available to all the United Nations. The supply of fish available to the British, while it is substantial—they have always eaten a good deal of fish—is considerably below normal because of the heavy loss of trawlers and other fishing craft, and because of the cutting off of imports from Norway and other Scandinavian areas, on which they previously depended for large supplies of fish.

Mr. TABER. On the other hand, they have been getting a good deal more out of Iceland, have they not?

Mr. HENDRICKSON. Yes; since the Icelanders formerly exported quite a little to Spain and Portugal which now goes to England.

Mr. TABER. And the Icelander catches have been larger, have been stepped up quite considerably.

Mr. HENDRICKSON. I do not believe that the catch has been stepped up so very much, because the competition for labor in Iceland has tended to make fishing much less attractive than it formerly was. Previously fishing was the principal occupation; now they can get other lines of work.

DETERMINATION OF NEEDS FOR LEND-LEASE COMMODITIES

Mr. TABER. Your job has been to gather the stuff together rather than to determine on what was required?

Mr. HENDRICKSON. No. We work on requirements also. We have in our agency a unit we call the Requirements and Allocations Control, through which we obtain requirements from all claimant agencies, including the Army and the Navy here.

We have been actively functioning, also, in coordinating the food procurement work of the various agencies of this Government. We have very effective cooperation, we feel, with the Army, Navy, and other agencies.

Mr. TABER. Well, have you any means of knowing what they need in these other places?

Mr. HENDRICKSON. Do you mean in the case of the United Kingdom, for example?

Mr. TABER. Yes.

Mr. HENDRICKSON. We have several sources for that type of information. The British Food Mission here, and Mr. Harriman's group in England both supply us with data. We have our own representative stationed with Mr. Harriman in England. In addition to that, there is an agricultural attaché, Mr. Lloyd Speer, whom I just talked with today, with the American embassy staff in England. He is back in this country just now to report. Early in June we are sending a mission to England to establish as factually and accurately as possible the per capita availability of food, and consumption rates over there.

IMPORTS OF PRINCIPAL AGRICULTURAL COMMODITIES BY UNITED KINGDOM, 1937–39

Mr. TABER. I wonder if you could put in the record at this point a table indicating the importations of the different types of articles to the United Kingdom, beginning with, say, the year 1937, and ending with 1939; something like that.

Mr. HENDRICKSON. 1937 to 1939?

Mr. TABER. Yes. Would you be able to do that?

Mr. HENDRICKSON. From here and other sources?

Mr. TABER. From all sources.

Mr. HENDRICKSON. We will attempt to get such a table together.

(The information is as follows:)

United Kingdom—Imports of principal agricultural commodities

Commodity	Quantity				Value (thousands of dollars)		
	Unit	1937	1938	8 months 1939	1937	1938	8 months 1939
Cattle, live, for food	1,000 cattle	650	647	392	31,015	40,946	23,912
Beef, fresh, chilled, or frozen	1,000 pounds	1,380,635	1,373,408	811,218	111,962	115,860	62,791
Mutton and lamb, fresh, chilled, or frozen	1,000 pounds	763,542	774,243	520,734	93,778	94,322	57,069
Bacon	1,000 pounds	775,717	769,206	553,293	144,793	151,185	100,630
Hams	1,000 pounds	75,498	74,404	62,236	15,593	14,743	11,848
Pork, fresh, chilled, or frozen	1,000 pounds	124,502	136,384	82,810	16,805	18,629	10,533
Meat, other	1,000 pounds	331,188	340,227	389,041	47,487	48,631	47,950
Butter	1,000 pounds	1,054,779	1,066,006	732,221	234,163	248,739	161,525
Cheese	1,000 pounds	328,822	327,861	217,817	45,746	47,335	26,967
Eggs:							
Poultry, in the shell	1,000 dozen	247,417	276,977	198,894	51,632	60,504	35,538
Not in the shell	1,000 pounds	98,657	108,255	58,659	12,434	16,545	7,803
Wheat	1,000 bushels	180,803	189,703	152,610	246,430	188,866	96,505
Barley	1,000 bushels	42,411	46,376	22,336	35,922	33,491	12,575
Corn	1,000 bushels	143,343	115,162	71,449	105,858	86,541	46,698
Wheat flour	1,000 barrels	4,880	4,387	2,964	26,940	19,460	8,505
Grain and flour, other	1,000 pounds	1,195,662	1,143,834	915,827	28,712	26,861	17,926
Oranges	1,000 pounds	1,395,722	1,205,709	958,405	38,061	36,626	24,461
Bananas	1,000 bunches	22,572	22,179	14,730	25,198	23,734	15,715
Apples, fresh	1,000 pounds	613,697	791,563	398,101	24,103	29,411	17,753
Raisins	1,000 pounds	154,273	187,027	73,139	12,268	13,742	4,921
Fruits, other, and nuts	1,000 pounds	1,492,618	1,630,432	1,093,213	100,119	101,502	63,552
Tomatoes	1,000 pounds	304,100	321,062	224,600	21,911	22,653	17,605
Vegetables, other	1,000 pounds	1,628,504	1,496,065	1,044,664	41,969	42,612	28,248
Sugar, unrefined	1,000 pounds	4,963,650	5,306,241	3,532,613	98,857	92,280	66,974
Tea	1,000 pounds	487,424	526,174	264,112	146,508	150,562	71,390
Cocoa, raw	1,000 pounds	212,530	294,595	242,420	22,476	16,077	11,378
Wines	1,000 gallons	21,600	19,097	11,793	30,264	26,017	15,216
Beer	1,000 barrels	1,266	856	552	19,063	12,816	7,913
Fodder	Tons	1,811,487	1,903,697	1,368,576	56,103	55,834	32,060

Source: Foreign Commerce Yearbook, 1939.

United Kingdom—Imports of principal agricultural commodities—Continued

Commodity	Quantity				Value (thousands of dollars)		
	Unit	1937	1938	8 months 1939	1937	1938	8 months 1939
Tobacco, unmanufactured	1,000 pounds	267,460	344,858	134,796	85,603	111,051	40,602
Oilseeds, nuts, and kernels	1,000 pounds	3,633,865	2,650,026	2,417,955	86,518	71,775	43,515
Lard	1,000 pounds	164,768	161,383	137,519	20,508	15,314	10,463
Animal oils and other	1,000 pounds	559,943	726,860	673,698	27,931	27,605	23,546
Vegetable oils and fats	1,000 pounds	479,143	511,912	418,177	29,158	21,907	14,804
Rubber, crude	1,000 pounds	304,507	347,405	158,593	59,300	55,205	25,061
Wool, sheep's and lamb's, raw	1,000 pounds	782,987	881,325	799,434	245,491	200,447	157,120
Cotton, raw	1,000 pounds	1,660,110	1,206,784	666,760	231,525	138,722	73,195
Flax and flax tow	Tons	56,110	57,567	50,095	21,586	20,188	18,084
Jute, raw	Tons	192,579	195,515	138,341	18,426	18,236	14,564
Fish	1,000 pounds	413,183	416,397	279,201	49,917	49,364	27,227
Total					2,762,133	2,566,338	1,554,142

REASON FOR LEND-LEASE DISTRIBUTION TO THE NETHERLANDS

Mr. TABER. I would not expect any such data to be available as to much of the other territory, but where the things are being handled in such places as the Netherlands, that kind of strikes me as a little bit funny. For instance, there is an item on page 12 of this document of about * * *. It is not marked.

Mr. HENDRICKSON. Major Olmstead will have a reply to that.

Major OLMSTEAD. The Netherlands has an army in Great Britain, and also some naval units in operation. Dutch Guiana has also been receiving some shipments.

Mr. TABER. Well, they are producing oil, are they not?

Mr. HENDRICKSON. Yes.

Mr. TABER. And are they not getting enough out of that to weather the storm all right? I mean, do they not get enough out of their own production to let them pay for whatever they get?

Mr. ORCHARD. The only material going to the Netherlands goes for the armed forces. These items here would be either for the Netherlands Navy or the Netherlands soldiers located in these places.

PROCUREMENT OF FARM IMPLEMENTS

Mr. TABER. I see. All right. Do you have anything to do, Mr. Hendrickson, with the farm-implement picture?

Mr. HENDRICKSON. No, sir.

Mr. TABER. Who does?

Mr. HENDRICKSON. The procurement is done by Mr. Mack of the Procurement Division of the Treasury Department.

Mr. STETTINIUS. What was that question? I did not hear it.

Mr. HENDRICKSON. Mr. Taber asked whether I had anything to do with farm-implement procurement and I said "No."

Mr. TABER. You do not have that. I think that I am about through.

Mr. STETTINIUS. The Treasury buys the farm implements, and the program is reviewed by the Department of Agriculture. Mr. Mack will be on the stand tomorrow morning.

Mr. TABER. Have you reviewed that program?

Mr. HENDRICKSON. That is done by the Food Production Administration.

Mr. TABER. Who is that?

Mr. HENDRICKSON. The Food Production Administration is under Governor Townsend, also reporting to Mr. Davis.

The CHAIRMAN. Mr. Wigglesworth.

METHOD OF CONTROLLING DISTRIBUTION OF LEND-LEASE COMMODITIES

Mr. WIGGLESWORTH. You spoke of the matter of the control of lend-lease articles when they arrive in the receiving countries to see that they are utilized for the purposes that they are sent there for. Does your organization do that, or does that come under the lend-lease organization?

Mr. HENDRICKSON. That is primarily the responsibility of Mr. Stettinius' organization, but in connection with allocations for the War Food Administrator, we have an interest in it, and do have information with respect to it. We do have complete information on all items, however.

Mr. WIGGLESWORTH. You do attempt to check to see that the items are properly expended?

Mr. HENDRICKSON. No, not in any final, full, complete way.

Mr. WIGGLESWORTH. Does anybody do that?

Mr. HENDRICKSON. Yes, I think Mr. Stettinius' organization satisfies itself pretty fully on that point.

Mr. WIGGLESWORTH. Including food?

Mr. HENDRICKSON. Yes.

INCREASE IN ESTIMATES FOR ADMINISTRATIVE EXPENSES, AGRICULTURE DEPARTMENT

Mr. WIGGLESWORTH. I do not know whether you are in a position to comment on this, but I notice in this budget break-down the administration set-up in this connection for the Department of Agriculture, there is a pay-roll increase from $4,100,000 to $5,600,000, and other obligations increased from $1,000,000 to $1,600,000, or an overall increase from $5,100,000 to $6,800,000. That includes the Bureau of Agricultural Economics and the Office of Farm Agricultural Relations and the War Food Administration. Most of the increase apparently is in the War Food Administration.

Mr. HENDRICKSON. That is right.

Mr. WIGGLESWORTH. You want 1,500 departmental workers as compared with 1,000 in this year, and 1,287 in the field, as compared to 761. Besides, there is a substantial increase in the travel item, and also other contractual services, whatever they are. Why does it take all this personnel exclusively for lend-lease? That is whom it is for, is it not? Why do we need the increase?

Mr. HENDRICKSON. I can speak only for the Food Distribution Administration, which accounts for most of the increase in the administrative expense item. I can account for the increase in this way: First, the total sum that is involved, that is, the total purchases to be made, will be substantially greater in the future than they have been in the past.

Mr. TABER. How much?

Mr. HENDRICKSON. Well, for the period January 1, 1942, to February 28, 1943, for instance, we had to cover all requisitions, $1,920,000,000, and our costs in connection with that—administrative and operating costs—averaged a quarter of a cent per dollar purchased; that is, $0.0025.

Mr. WIGGLESWORTH. That is $1,900,000 as compared to $2,000,000,000?

Mr. HENDRICKSON. With the estimate in this budget of $2,860,000,000, it will be necessary to increase the amount available for operating costs, although the allowance for operating costs, in terms of its relationship to the purchase dollar changes relatively little. It increases from $0.0025 to $0.0027; in other words, it is fractionally above a quarter of a cent per dollar of purchases. There are several reasons for that increase, however slight it is. One is that it is much more difficult to procure when supplies are short than it is whan supplies are relatively ample. Another is that we had other programs which we carried on and with which I have always felt we more or less subsidized the lend-lease program; that is, we doubled up our personnel. This will not be possible any more, however, because of the contraction of some of our programs, particularly the section 32 purchase programs.

Another point that I would like to make clear is that this increase does not reflect the overtime item, which will be taken care of separately.

Mr. WIGGLESWORTH. That ought to decrease your personnel rather than increase it.

Mr. HENDRICKSON. You mean the larger volume should?

Mr. WIGGLESWORTH. The fact that you are working longer hours should make it possible to do the same amount of work with less personnel.

Mr. HENDRICKSON. Well, I believe that is right. I think we have tended in the past to be understaffed rather than overstaffed, however.

DISTRIBUTION OF EMPLOYEES BY REGIONS

Mr. WIGGLESWORTH. What are these 1,287 people in the field doing in a general way? Where are they stationed?

Mr. HENDRICKSON. We have seven regions; the largest regional offices are in San Francisco and New York. In New York we maintain over-all control of the movement of cargoes to port, and the lend-lease accounts. We must have a substantial staff to handle a program as big as this one is.

At San Francisco we control west coast movements, which are largely Russian, and again we have to have a substantial staff. We have at any given time approximately 20,000 carloads of merchandise on tracks or in transit. The custody and transportation problem in connection with those movements is our biggest single expense item. Expenses incident to the actual letting of contracts are substantial, too, but are not as great as those for the transportation, accounting, and auditing work.

Mr. WIGGLESWORTH. Will you put a little table in the record showing how much personnel you have at each one of those seven regional offices?

Mr. HENDRICKSON. I shall be very glad to do that.
(The information is as follows:)

Distribution of lend-lease field employees by regions

[Estimated man-years]

Region	Fiscal year, 1944 [1]	Fiscal year, 1943	Region	Fiscal year, 1944 [1]	Fiscal year, 1943
Northeast	585.3	297	Midwest	48.9	37
Southern	65.6	35	Great Lakes	128.2	90
Southwest	56.6	39			
Rocky Mountain	18.0	15	Total	1,287.1	761
Pacific	384.5	248			

Mr. WIGGLESWORTH. You are asking for 1,287 in the field and 1,527 in the department, whereas all of the lend-lease set-up costs only something like 600 people. It seems offhand that you might be able to get along without the increase that you are requesting here.

Mr. HENDRICKSON. I would be glad to have suggestions as to how to reduce the staff. We have a very hard time getting people and a very hard time holding them in these times. I do not think the two organizations are comparable, however.

Mr. WIGGLESWORTH. I realize that.

Mr. HENDRICKSON. Our functions are operating functions.

Mr. WIGGLESWORTH. You have 1,000 this year in the Washington office, and offhand, a 33-percent increase.

Mr HENDRICKSON. I think, Mr. Wigglesworth, that a total procurement cost, including handling and accounting, of a quarter of a cent per dollar of purchases is unusually low compared with almost any other procurement cost in Government or private industry.

Mr. WIGGLESWORTH. That is true, but it has been lower still heretofore. I do not think I have anything else.

DISTRIBUTION OF LEND-LEASE FOOD SUPPLIES BETWEEN MILITARY FORCES AND CIVILIANS OF FOREIGN GOVERNMENTS

The CHAIRMAN. Mr. Hendrickson, will you please break down the amount provided for food into two categories; one for the military and one for civilian personnel? About how much of this food goes to the Army and how much goes to the public?

Mr. HENDRICKSON. I do not believe that I could answer that offhand. I feel that in the case of the Russian item, which is the biggest single item here, virtually all will go to the armed forces.

The CHAIRMAN. Then, suppose that you confer with Mr. Stettinius' office and when your remarks come to you give us that information.

Mr. HENDRICKSON. We will do that.

(The matter referred to is as follows:)

DISTRIBUTION OF LEND-LEASE FOOD SUPPLIES BETWEEN MILITARY FORCES AND CIVILIANS OF FOREIGN GOVERNMENTS

The United States attempts to provide under lend-lease only the critical food deficits of our allies. Most of the food requirement of the lend-lease countries are either domestically produced or imported from other sources.

In order that lend-lease food may be distributed in the most efficient manner, the food is not segregated from food obtained from other sources but goes into the

general food supplies of each country. It is, therefore, impossible in most instances to determine whether a particular article of food will ultimately find its way into the civilian or military diet.

There are, of course, certain food requirements which we know are specifically for the armed forces since certain foods are not distributed to civilians. Examples of this are canned fruits, canned vegetables, canned oatmeal, chocolate and cocoa products for the United Kingdom, and butter for the Union of Soviet Socialist Republics. However, it is impossible to say denifitely with respect to most of the lend-lease food what percentage of the food will go to the armed services and what percentage to civilians.

(Discussion off the record.)

The CHAIRMAN. Thank you, gentlemen.

THURSDAY, MAY 6, 1943.

WAR PRODUCTION BOARD

STATUS OF PRIORITIES FOR LEND-LEASE PROGRAM

STATEMENT OF HON. WILLIAM L. BATT, VICE CHAIRMAN, WAR PRODUCTION BOARD

The CHAIRMAN. Mr. Batt, we have before us an estimate for $6,500,000,000 for lend-lease. We would like to know what your attitude is toward this appropriation, whether you endorse the policies involved, whether you approve the appropriation and if, in the opinion of the War Production Board, priorities can be granted to provide for carrying out the program as it is presented to the committee.

Mr. BATT. I have no prepared statement, Mr. Cannon, but I am familiar with the operations of lend-lease in a general way and rather specifically insofar as they apply to the War Production Board.

I have been over the materials which are proposed to be supplied to foreign countries, in my capacity as vice chairman of the War Production Board and as American member of the combined boards both for raw materials and production. As far as one can see, with the qualifications which have always to attach to commitments as to materials some distance ahead, we shall be able to meet the requests which are represented by the appropriations asked for by lend-lease.

We are now working on the third protocol for Russia. The items which are comprehended here are those which we have informally agreed on as representing a practical limit of our ability to supply. The same thing applies to the United Kingdom's requirements and those, of course, are the two large blocks. The requirements of the other governments of the United Nations are relatively small.

I do not attach that qualification with any undue importance. Nobody can tell what the requirements of the war will be 12 months from now. But under our schedule as it is presently laid out, these amounts are provided for and we expect to be able to supply them.

Mr. WOODRUM. The War Production Board's commitments to Lend-Lease is approximately the same as Lend-Lease's commitments to the United Kingdom, or to Russia. You say "As far as we can see now, we can let you have this stuff; but, if we need it ourselves, or some situation arises where we cannot do it, that is understood."

Mr. BATT. We work like one organization, as you would expect Mr. Stettinius and us to do, and one does not say what the other has not agreed to.

Mr. WOODRUM. And that is understood all the way through?

Mr. BATT. That is right.

Mr. WOODRUM. That is, you say "We promise you these planes and think we can let you have them; but, if we have to have them in the United States, we will keep them here"?

Mr. BATT. That is quite right.

If you will pardon my expressing a personal opinion, of course I happen to be a very strong proponent of this method of dealing with the United Nations. It seems to me it is the one way of handling the situation; it is the one way of building up an intelligent relationship with the United Nations.

The CHAIRMAN. Are there any questions?

Mr. LUDLOW. Do you think, Mr. Batt, lend-lease on the whole is working satisfactorily in reverse?

Mr. BATT. Insofar as I know.

Mr. LUDLOW. That is to say, all of the United Nations are performing as well as they can their obligations to us and Lend-Lease?

Mr. BATT. I am quite confident of that, as far as I know. I would guarantee that we get anything from any one of them that they can conceivably spare. In numerous instances that I do know about, they have pared themselves down much closer than we have, in order to help us out in a given situation

Mr. LUDLOW. Of course, as a matter of fact, it is a rather one-sided proposition, because we have the things and they do not have.

Mr. BATT. Not nearly so one sided as many people think.

Mr. WIGGLESWORTH. I understand from what you have said, Mr. Batt, that you have been over the details of this appropriation and, in your judgment, subject to the qualifications you have already made, you feel that everything required here under this request can be produced over and above what we need for our own armed forces and over and above what we need for domestic purposes?

Mr. BATT. Yes, I do; with the reservations that we have above made.

I would want to qualify that to a very slight degree. You say "over and above our own armed forces." There will be times when we might conceivably, for a short period, send something to Russia or even conceivably to England which might at the moment appear to be a subtraction from the requirements of our own armed services. But that will only be done in accordance with the strategy of the combined Chiefs of Staff. After all, you see, these people are fighting a war. I am not telling you what is not obvious. They are fighting a war and there may be times when there is an acute need for something over there which will appear to be momentarily a subtraction from our own military requirements, but it will be in the interest of applying the greatest force against the enemy in the shortest length of time.

I have to make that small qualification.

Mr. TABER. Now, Mr. Batt, there is quite a considerable item in here for hog bristles, and I think to be sent to Russia.

Mr. BATT. No; I do not believe so.

Mr. TABER. Yes.

Mr. Batt. You might have found it, Mr. Taber.

Mr. Taber. Oh, it was here in the book, I know.

Mr. Batt. Are you sure it is not to be sent to England?

Mr. Taber. I did not understand how it could be there, or how it would be available and I was going to ask questions about it, but I cannot find it.

(After a pause.) Here it is "hog hair," on page 21 of this book.

Mr. Batt. Are you sure it is not for the United Kingdom, Mr. Taber.

Mr. Taber. Yes; it is for the United Kingdom. My memory about it was wrong.

Mr. Batt. That disposes of it.

Mr. Taber. 3,125 tons; $1,124,600. It says hog hair used for stuffing hospital and ambulance bedding, and for war purposes.

Mr. Batt. That is a different kind of thing. We have plenty of hog hair. That item, I notice, is for hog hair for hospital and ambulance bedding, and it is for the United Kingdom. I was referring to hog bristles that come only from China. They let the hogs live very much longer than we do, and they take the bristles out just as we shear sheep, and often the bristles have grown very long.

Mr. Taber. I see.

The Chairman. If there are no further questions, thank you, Mr. Batt.

Thursday, May 6, 1943.

OFFICE OF LEND-LEASE ADMINISTRATION

The Chairman. Mr. Stettinius, we will complete your presentation. I believe Mr. Taber had not completed his inquiry, nor Mr. Wigglesworth.

Mr. Taber. All the way through this set-up in the Budget, we have not had any hearings to speak of on it, except a very small amount of questioning by Mr. Wigglesworth.

INCREASES FOR PERSONAL SERVICES

Yesterday afternoon, there seemed to be increases of appropriations for personnel. Now, there has not been any mention made of it. I assume you are more or less familiar with the situation.

Mr. Stettinius. I am, Mr. Taber.

Mr. Taber. In your own Washington office, there is a step-up of approximately 50 percent in personnel and, in the field—well, that is small. Then, in the War Shipping set-up, there is an increase of 300 percent in the department; in the Maritime Commission there is an increase of approximately 30 percent, or a little more. In the Agriculture Department there is a small increase and, in the War Food Administration there is an increase of about 30 percent in the department and awfully close to 100 percent in the field. In the Treasury Department there is an increase of 25 percent and nearly 100 percent in the field.

Now, why is it there is any such step-up as that in sight?

Mr. STETTINIUS. Mr. Taber, we are not asking for funds to increase the personnel of the Lend-Lease Administration in Washington beyond the general level of employees we now have employed. We actually have at the present time slightly over 600 people.

Mr. TABER. How many have you now?

Mr. STETTINIUS. The figure is 614 at the present time.

Mr. TABER. How much money have you spent to the 1st of May, say, on your departmental set-up? And if these are questions that I should ask someone else, I am perfectly willing that should be done.

Mr. STETTINIUS. No, Mr. Taber; I am fully able to give you any information you need on our organization, or personnel, or pay roll, and our administrative expense, as far as the Lend-Lease Administration proper is concerned. As to administrative expenses in the the other departments which participate in carrying out the lend-lease program, I feel it is only proper that the head of each department, such as Mr. Mack, or Mr. Hendrickson, who has responsibility for the administration of the funds within his department, should defend his own budget. I am not in position to make an analysis of the 1,500 people Mr. Mack has in the Procurement Division of the Treasury without having to increase the number of personnel on the lend-lease staff. Such an analysis has, of course, been made by the Bureau of the Budget. But as far as the lend-lease organization proper is concerned, I can give you all the information you desire.

The Lend-Lease Administration is not asking to increase its present employees beyond the present general level. It was approximately 3 months ago we explained to the Bureau of the Budget that to do our work adequately we would need approximately 628 people. It is possible we will have to have a few more during the year; but, generally speaking, it will be somewhere between 600 and 650.

Mr. TABER. The figure in the Budget shows 479 in the department.

Mr. STETTINIUS. Mr. Juran, my Assistant Administrator, has made an analysis of that and can explain down to the last detail and the last person on our rolls the reason that a misleading impression is made in the paper you have before you.

Mr. JURAN. The 479, Mr. Taber, is the man-year accumulation; it is not a statement of the number of people, but rather the number of man-years.

Mr. TABER. The 638 is also a man-year proposition.

Mr. JURAN. That is correct

Mr. TABER. And you presently have 614. That would mean quite a substantial increase, even. How much have you spent down to the 1st of May, for instance, on this set-up in the department?

Mr. JURAN. The figure, I believe, is in this green sheet as printed by the committee.

Mr. STETTINIUS. Might we pause for a moment and give you the total administrative expenses from March 1941 to date?

Mr. JURAN. I think the explanation of the 479 figure, and the administrative expense figure as well, is that up to a few months ago we had been on a rising curve in personnel, starting from zero, roughly, in the latter part of 1941. Now, from the very nature of the man-year figures, the 479 is a composite of the number under 400 that we had at the beginning of this fiscal year, and the present 614. It does not reflect the number of people we had at any one time, but, rather, the total number of man-years.

Mr. TABER. Where did you get the authority for the 614?

Mr. JURAN. From the Bureau of the Budget.

Mr. STETTINIUS. We have had that authority for some months.

Mr. JURAN. As a practical matter, we have collaborated with the Bureau of the Budget in determining the number of people there ought to be on the roll.

Mr. TABER. You have quite a number of these economic analysts and statistical analysts, and quite a considerable number of lawyers.

Mr. STETTINIUS. No; we do not. We have, for example, only 10 lawyers.

(After discussion off the record:)

Mr. JURAN. I might mention that 19 of the persons included in the increase from 614 to 638 do not represent an increase in lend-lease personnel at all but rather a change in the organization. Personnel of the Central Administrative Service of the O. E. M. organization have been moved over into lend-lease. The 19 then are not a matter of increasing our positions at all; they result from a decision to do that same work in lend-lease, rather than under O. E. M.

Mr. STETTINIUS. At the beginning of the war, the Office for Emergency Management serviced all of the emergency agencies—such as the W. P. B., Office of War Information, Office of Price Administration. Much of our administrative work was handled by that agency. Now, its personnel office is being liquidated and some of those people are being transferred over to the Office of Lend-Lease Administration proper.

Mr. TABER. Is it taking more or less people to do that job?

Mr. STETTINIUS. It is taking less people, sir.

PERSONNEL ON OVERSEAS OPERATIONS

I would like to say a word while on the matter of this number of people, as to our overseas activity.

Mr. TABER. Is that included in the departmental set-up or in the field set-up?

Mr. STETTINIUS. They are not included in either. They are charged to category 9.

Mr. TABER. I have not gotten to that yet; but you can go ahead if you want to. Have you a memorandum on those 15 or 20 people?

Mr. STETTINIUS. Yes, sir. That is item No. 17 under statistical exhibits.

Our total expenditures for administrative expenses of the Lend-Lease Administration from March 1941 to March 31, 1943 is $2,070,150.

Mr. TABER. That means both your field and your departmental—the whole job under your office?

Mr. STETTINIUS. That includes everything; that is correct, from the passage of the act, in March 1941 to the present time.

Mr. TABER. But how much would it be for the fiscal year 1943? You see, the budget is made up on a fiscal-year basis, and how much would it be for that particular picture?

Mr. JURAN. That is shown on page 5 of the printed statement. In the middle of page 5, there is a summary entitled "Administrative expenses" which shows the administrative expenses for all agencies. The first line of that summary shows the estimate for 1943 for Lend-Lease.

Mr. STETTINIUS. Amounting to $1,957,000.

Mr. TABER. That is the estimate for the whole fiscal year. I was asking what your actual expenditures had been to the first of May. If you could not give that, I would like to have it as of the 1st of April.

Mr. STETTINIUS. That was the figure I just gave you of $2,070,000.

Mr. JURAN. That is cumulative since the beginning of the program.

Mr. STETTINIUS. That is right.

Mr. TABER. That would not be the fiscal year expenditure.

Mr. STETTINIUS. That is for 26 months. But we can get that for you. (See p. 140.)

Mr. TABER. Now, in the field, your lend-lease set-up is not very heavy. It is just a small item of personnel.

Mr. STETTINIUS. Except in north Africa, sir.

Mr. TABER. Then is this budget set-up a fair picture of your field set-up?

Mr. STETTINIUS. Yes.

Mr. JURAN. The term "field" is the technical term "field" as used by the Bureau of the Budget, meaning personnel in the United States but outside of Washington. The mission personnel is not in there.

Mr. TABER. Where are they?

Mr. JURAN. They are paid out of another category—out of category 9.

Mr. TABER. This set-up of an estimate of 8 persons in the field, $34,000, with an estimate for 1943 of 5.2 positions, $20,000, is not a very big item. and I was not going to spend any time on that——

Mr. STETTINIUS. Those are port inspectors. We have one man in Oregon, one man in New York, one man in Baltimore.

Mr. TABER. In the field, What can you tell us about that? Can you give us a statement on that?

Mr. STETTINIUS. I can. We have field organizations—in the nontechnical sense— with lend-lease representatives in Australia, in China, in India, in the Middle East, with headquarters at Cairo, New Zealand, North Africa, South Africa, Turkey, in London, England, and in Russia, but we have held the number down to the limit—to as few people as possible. For example, in Australia, we usually run the office there with about three men; in China, we have had one man, and there is no one at this time. In India, we have just sent out a mission of five men and have two more en route. In the Middle East, we have three representatives at the present time. In New Zealand we have two; in South Africa, three; Turkey, one. In the United Kingdom our office handles war shipping matters and other operations as well as lend-lease matters. I should think it would be fair to say we have perhaps six people there who are full-time on lend-lease activities in the United Kingdom.

Mr. LUDLOW. Are all of those Africa representatives American citizens?

Mr. STETTINIUS. All Americans, trained here and sent from here, who speak the language, wherever possible. The only large item in the foreign service is in North Africa. Those people were sent to North Africa at the request of General Eisenhower and Mr. Murphy to perform civilian duties in connection with lend-lease activities that the military felt they should not perform. We have actually at the present time approximately 35 people there. The total budget

calls for 106 representatives in North Africa. These will consist of requirements people, transportation people, storage people, statistical people, and so on. That is the only large overseas operation we have.

Mr. TABER. How big is that?

Mr. STETTINIUS. In numbers?

Mr. TABER. Yes.

Mr. STETTINIUS. The budget calls for 106 people for north Africa.

Mr. TABER. And about how much money?

Mr. STETTINIUS. For north Africa, about $1,000,000 for a year's operation with 106 people.

Mr. TABER. That is the north African picture?

Mr. STETTINIUS. That is the north African picture, yes, sir.

Mr. TABER. What does the total overseas picture amount to?

Mr. STETTINIUS. About $1,750,000 for a years operations at our present personnel ceiling.

Mr. TABER. Inclusive of that?

Mr. STETTINIUS. Inclusive of that.

Mr. TABER. And how many people all together?

Mr. STETTINIUS. That would be 160 people.

These figures, Mr. Taber, I am giving you are as of April 17. I should qualify that by saying these are the Budget authorizations, and actually we have not as large a number of people on overseas missions at the present time as I have indicated. The total number now on the pay roll for the overseas operations of lend-lease is 108 people.. On the other hand, with the concurrence of the Bureau of the Budget, we may need to increase this staff even substantially beyond the current Budget ceiling of 160 if developing operations make necessary increased lend-lease representation abroad.

DUTIES OF LIAISON OFFICERS

Mr. TABER. I notice in the set-up for the Department a very large number of liaison officers. What are they and what do they do?

Mr. STETTINIUS. They are representatives that work directly with each foreign country.

Mr. TABER. There seems to be a very considerable number of them.

Mr. STETTINIUS. I think it would be most satisfactory to you to have Mr. Orchard, who is our chief liaison officer with foreign governments, make a very short statement himself as to how many people he has under him and what those people do. With your permission, may Mr. Orchard make this statement?

The CHAIRMAN. Yes.

Mr. ORCHARD. My divisions cover all work except work with Soviet Russia, and in the foreign liaison divisions we have 135 as a total. That includes secretaries, the clerical staff, and the entire force. We have it organized in units. The largest one is the British Empire; then we have a smaller unit for China. The third unit includes the smaller countries such as Turkey, the Latin-American countries, and Caribbean operations, and areas of that sort. In case of the smaller countries one man very often takes care of more than one country. In the larger units, such as the British Empire, it is necessary to have several men. One man takes care of Australia; one man takes care of India; and so forth.

These are men who maintain contact with the foreign purchasing missions here in the city. They receive the requests of foreign governments and act on them from the standpoint of policy and their eligibility under lend-lease, before procurement goes forward.

Mr. TABER. You mean that the most of these requests are submitted here?

Mr. ORCHARD. Are submitted here in the form of requisitions.

Mr. TABER. By the foreign governments?

Mr. ORCHARD. By the foreign purchasing missions in Washington, yes.

Mr. TABER. These liaison officers are the ones who deal with the foreign governments?

Mr. ORCHARD. That is right.

Mr. TABER. How many of them do you have to have to kind of smooth out the difficulties between departments and agencies?

Mr. ORCHARD. You mean departments and agencies of our own Government?

Mr. TABER. Yes.

Mr. ORCHARD. That is not the function of my group. They deal only with foreign governments and we have other liaison officers, one for Treasury Procurement, one for Agriculture, one for W. P. B., one for the War Department, and one for the Navy Department. They are also called liaison officers.

Mr. TABER. I understand you have all together about 53, who draw $6,500-plus. Why is it necessary to have so many in that group?

Mr. ORCHARD. The task they perform is one requiring a good deal of background and the exercise of a good deal of judgment. We have tried to get men of a very high type. For example, my first assistant is a man who has been in the Far East for a great many years, is very familiar with China and India, and had a very important position in the Far East. He is working for us for less than he received in his former position. Another one was the head of all American Express work in India. And going down the list, they are all men of that type.

Mr. TABER. According to this table, my information with reference to the number drawing $6,500-plus was not quite accurate; it seems to be 91.

Mr. STETTINIUS. That is the total within the organization.

Mr. TABER. What does Mr. Cowles do?

Mr. STETTINIUS. John Cowles is a special assistant to me. He is at present in north Africa making a general survey of our operations there. He is most useful and a man of great ability.

NUMBER OF DRAFT DEFERMENTS

Mr. TABER. How many do you have in your set-up who have been deferred, at your request, in the draft?

Mr. STETTINIUS. There are four of our employees in the Lend-Lease Administration who are on deferments. Two of those gentlemen have lived in Russia, speak Russian, and have been with us since the very first days of our Russian activity. We feel, sir, that they would be serving their country more effectively where they are than they would be if they were in uniform.

We have a policy, Mr. Taber, of not asking deferments for anyone unless the individual has some special qualifications that make him irreplacable due to his prior experience or training or the nature of the work he is doing. An example of this is one man in his thirties; he has lived in Russia, studied in Russia, and speaks Russian. He has been with lend-lease since July 1941 and knows its operations intimately. He is a tower of strength in connection with our dealings with the Russians. He is also married and has a family.

Mr. LUDLOW. All of your deferments tie in, in an essential way, with the Russian situation?

Mr. STETTINIUS. With one exception, sir.

We have in the Lend-Lease Administration four men who have been deferred. Three of them are in our Soviet Supply Division. Two of these three have lived in Russia and speak Russian. The third has traveled extensively in Russia, and prior to coming with lend-lease had been transferred by the Army to the enlisted reserve for physical disability. The fourth man is not in the Soviet Supply Division but is a port inspector. His deferment expires in July but he will be 38 years old before then so no further deferment will need to be requested.

QUESTIONS RE STATEMENT OF NEW FUNDS REQUESTED

Mr. TABER. There is one table, exhibit D–1, that you gave us, that I do not understand, and I want to ask you a few questions about it.

(The exhibit referred to may be found on p. 9.)

In your first column, you say what your program is to be.

Mr. STETTINIUS. Yes, sir.

Mr. TABER. In your next column, you give the distribution of free funds that are presently existing; is that right?

Mr. STETTINIUS. That is correct.

Mr. TABER. In the next column, you throw the free funds into different categories.

Mr. STETTINIUS. That is right, sir.

Mr. TABER. In the next column you throw the new funds into various categories; is that correct?

Mr. STETTINIUS. That is correct, sir.

Mr. TABER. And you show a total of administrative expenses of approximately——

Mr. STETTINIUS. $8,999,000.

Mr. TABER. About $9,000,000.

On the estimate, on page 5, as it is set up here, it shows $8,331,443.

Mr. STETTINIUS. Mr. Taber, the Bureau of the Budget made that set-up on a 12-month basis and our request to this committee is no a 14-month basis. We are requesting funds for 14 months and they have converted the figure to 12 months.

Mr. TABER. That is as far as your administrative set-up goes?

Mr. STETTINIUS. That is right.

BUDGET DETAILS OF ESTIMATES BY FISCAL CODES

Mr. TABER. On exhibit D–2 in the record on page 24 that is a break-down of your items into fiscal code numbers; with reference to that, have you at the present time approved requests from foreign

governments—that is, approved by your organization—covering these items, or are they simply estimates on your part as to what you should do or probably will do?

Mr. STETTINIUS. Mr. Taber, we have received from the foreign governments their estimates of their needs. And as I said the first day I testified, their initial estimates totaled over $10,000,000,000 and 26,000,000 tons of dry cargo shipping. We have screened those estimates down to this $8,000,000,000 figure—the total program is $8,500,000,000 and 19,400,000 tons of dry-cargo shipping.

The new funds we are asking have not yet been obligated or committed. Only funds which you have previously appropriated have been committed or obligated.

SERVICES AND EXPENSES

Mr. TABER. You have an item, services and expenses, category 9; how do you arrive at that?

Mr. STETTINIUS. We discussed that category 9, you will recall, in some detail in my opening statement. In category 9, allocations made through February 28, 1943, totaled $455,000,000.

Of the total you have previously appropriated in category 9, there remains an unallocated balance of $377,000,000. We are asking you to reappropriate that amount of money in that category. We also are asking full authority to transfer from that category to other categories depending upon the course of the war. Funds in category 9 must be provided to meet a number of possibilities which cannot presently be estimated with any accuracy. Among these are possible shipping losses, the need for additional funds as new areas are liberated from Axis domination, price increases, and similar contingencies.

Mr. LUDLOW. Do you have authority to transfer from category 9?

Mr. STETTINIUS. We are asking for that authority.

Mr. LUDLOW. In language?

Mr. STETTINIUS. Yes, sir; in the language of the act we are asking your permission to transfer from category 9 to other categories.

Mr. WOODRUM. What does that include—anticipated losses in the way of sinkings?

Mr. STETTINIUS. That is correct. That is the only provision we have made to take care of any sinking losses.

I should like it thoroughly understood that if we ship civilian supplies to liberated areas under military occupation or control, it is only with the approval of the military authorities; and that no goods are shipped from the United States to liberated areas without the full knowledge of the War Department.

RELATIONSHIP TO OFFICE OF FOREIGN RELIEF AND REHABILITATION OPERATIONS

(See p. 29)

Mr. TABER. While you are on that subject, what part does the Lehman organization play—I do not know what the name of it is?

Mr. STETTINIUS. Office of Foreign Relief and Rehabilitation Operations.

Mr. TABER. What part does that play in this appropriation, these estimates that we are considering?

ALLOCATION FOR MEDICAL SUPPLIES, FOOD, CLOTHING, ETC.

Mr. STETTINIUS. We have provided in this total of $8,500,000,000, through the various categories, a total of $340,000,000 for medical supplies, food, clothing, and other essentials of life, that have been programmed by Governor Lehman's fine organization. We have reviewed this programming. We have said that we hoped this amount would be available for that purpose, but we cannot promise it because the need elsewhere might be more urgent at the particular time goods are to be supplied. If the military or the political need for the distribution of these civilian goods in these reoccupied areas is paramount, these goods will be forthcoming.

Mr. TABER. In other words, whether or not you would make a transfer to the Lehman organization would depend on whether or not the military certifies to you that it was a matter of military necessity that these funds or these goods be transferred to the Lehman set-up?

Mr. STETTINIUS. I can say categorically, during the period of military occupation, nothing will be sent to a liberated area which is not a matter of military or political necessity. How those goods may be distributed—whether by the War Department, O. F. R. R. O., or by Lend-Lease would depend upon the particular circumstances. Is that a correct statement, Mr. McDougal?

Mr. MCDOUGAL. Our understanding is that, during a period of military occupation, no goods will be shipped into a particular liberated area for distribution to civilian populations except as a matter of military and political necessity. In that connection there is close cooperation with the military authorities, both here and in foreign theaters of operation.

(Statement off the record.)

Mr. STETTINIUS. Governor Lehman's responsibility is for relief supplies in areas that have been liberated from the Axis.

DIRECTIVE DEFINING DUTIES OF OFFICE OF FOREIGN RELIEF AND REHABILITATION

Mr. LUDLOW. Would it be proper to put the text of the President's directive, which you mentioned off the record, in the record?

Mr. MCDOUGAL. I should be delighted.

Mr. LUDLOW. That would speak for itself.

Mr. TABER. Does it speak for itself?

Mr. MCDOUGAL. I think it is reasonably clear, sir.

Mr. TABER. Then you might put it in the record, following whatever statement was made on the subject.

Mr. STETTINIUS. We shall do that, sir.

(The matter referred to is as follows:)

THE WHITE HOUSE,
Washington, March 19, 1943.

Hon. HERBERT H. LEHMAN,
Director, Foreign Relief and Rehabilitation Operations,
Department of State, Washington, D. C.

MY DEAR GOVERNOR: Pending the working out of final plans with our allies, I should like to define the scope and duties of your work as Director of the Office of Foreign Relief and Rehabilitation.

You are authorized to plan, coordinate, and arrange for the administration of this Government's activities for the relief of victims of war in areas liberated from Axis control through the provision of food, fuel, clothing, and other basic

necessities, housing facilities, medical and other essential services; and to facilitate in areas receiving relief the production and transportation of these articles and the furnishing of these services.

In planning, coordinating, and arranging for the administration of the above-mentioned work, you may utilize the facilities of the various Government departments, agencies, and officials which are equipped to assist in this field and you may issue to them such directives as you deem necessary to achieve consistency in policy and coordination in administration. You may also utilize the facilities of such private organizations and individuals as you may find helpful in your work.

Your operations in any specific area abroad will, of course, be subject to the approval of the United States military commander in that area so long as military occupation continues, and in matters of general foreign policy you will be guided by the directives of the Secretary of State.

Your work in the field will likewise need to be geared to that of our allies in accordance with agreements reached with regard to the administration of such functions in each area. Should a United Nations organization be established for providing relief and rehabilitation to victims of war, the Office of Foreign Relief and Rehabilitation will need adjustment to facilitate that arrangement to the maximum extent possible.

On your organization rests a grave responsibility and challenging opportunity to facilitate the progress of the war and to relieve the deep suffering of those under Axis domination. I assure you of my full cooperation and that of Federal agencies in fields related to your own.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

PURPOSES OF FUNDS TO BE ALLOCATED

Mr. TABER. This $340,000,000, can you give me a break-down of that as between categories, or tell me where that money is, and in just what shape it is in?

Mr. STETTINIUS. That money has not yet been appropriated. We are asking for it in our present appropriation request.

Mr. TABER. I understand, but whether it is supposed to be a loose item?

Mr. STETTINIUS. No. It is comprised of approximately $150,000,000 of textiles and inexpensive clothing, about $170,000,000 of foodstuffs, and about $25,000,000 of medical supplies.

Mr. TABER. And is the set-up such that that could be expended after the need arose, or is it a part of the set-up that you have in a general way for your general operations?

Mr. STETTINIUS. We are endeavoring to operate it so that there is no earmarking of the food as between liberated areas and Russia, China, England, or any other country. The wheat that the agricultural people would buy, or the medical supplies that would be bought, would be available, and would be drawn on depending upon the need.

As I said in my opening statement, we are not locking up this $340,000,000, in a warehouse, under padlock, and saying that that is for Governor Lehman. We are asking you to approve this item, suggesting that it will be available for use in liberated areas, but we are making no binding promises because there might be a famine in Russia and all of this food would go to Russia and none of it would be used for this purpose; or there might be some other important contingency. By the same token, should circumstances be such that, as a matter of military and political necessity, the requirements for liberated areas are of greater urgency than those of other claimants, goods having a value greater than this $340,000,000 may be made available for distribution in such areas.

Generally speaking, sir, we are proposing to procure so far as possible —as we use the words—fungible and fluid supplies, goods that can be available to be drawn on for any lend-lease need in any part of the world, depending upon the urgency of the case.

Mr. TABER. Is the Lehman set-up financed, insofar as its operations go to this point, out of Presidential funds or out of your funds?

Mr. STETTINIUS. Its administrative expenses are not financed out of lend-lease funds.

Mr. WIGGLESWORTH. Except as to the fund you have just spoken of?

Mr. TABER. That is, there is a possibility of the use of that fund.

Mr. STETTINIUS. Yes; these funds may be used in the future to procure supplies for liberated areas.

Mr. TABER. Would they be administrative expenses?

Mr. STETTINIUS. No, sir; they would not; they would be supplies.

Mr. TABER. They would be simply supplies?

Mr. STETTINIUS. Yes; and transportation, warehousing and other services and expenses related to such supplies. We have nothing to do with the administrative expenses of Governor Lehman's organization.

Mr. TABER. Would you expect that your organization would furnish all of the supplies, and that sort of thing, that would be handled by them; or would you expect that that would be a separate and individual item that might be reached as you came to it?

Mr. STETTINIUS. May I make this statement off the record?

(Statement off the record.)

Mr. TABER. Are these funds available for transfer under the language of the estimate? If you have a lawyer here who can answer that, perhaps you would rather have him do that.

Mr. BALL. I think I can clear that up for you. The plan is that these funds will be used for the procurement of articles which may, as Mr. Stettinius has pointed out, in the event there is an urgent need in relation to other needs, be used in liberated areas. These articles, and the related services and expenses, will be procured by the Lend-Lease Administration through its normal procurement channels. The exact method that will be used in the distribution of the goods in the particular case, whether through the Lehman organization, the War Department or how they will be distributed, will have to be determined in the light of the particular facts that may exist at that time. The plan, in other words, is not for us to hand over funds, as such, to the Lehman organization.

USE OF LEND-LEASE FUNDS IN OCCUPIED TERRITORY

The CHAIRMAN. The question arises there as to whether or not lend-lease funds can be used in occupied territory if it is free of the enemy. Lend-lease is provided primarily for defense and is supposed to be used in places where military operations are in progress. Now, when the country is clear of the enemy, the question is, can you under the law use lend-lease funds for that purpose?

Mr. BALL. The language of the act is that the President may provide defense articles for use in any country, the defense of which is found to be vital to the defense of the United States. There would have to be such a finding of fact by the President. In addition under the various appropriation acts, goods procured from lend-lease

funds may in the judgment of the President be retained for the use of any department or agency of the Government, as has been the case frequently with respect to munitions and other supplies which have been retained for use by our own armed forces.

The CHAIRMAN. But when defense is no longer an issue, what then?

Mr. BALL. If metropolitan France were invaded by the American Army tomorrow, and a substantial amount of territory were recovered, then the President would have to find that the defense of that territory was vital to the defense of the United States before lend-lease aid could be provided there. If, as you point out, the military went on to the conquest of further territory so that there was not an army in the field, that fact in itself would not be determinative as to whether the defense of the territory was vital to the defense of the United States. The need for funds to provide supplies for liberated areas arises from the hard fact of military and political necessity—the same military and political necessity that makes it imperative for us to provide lend-lease supplies and services for our other allies.

The CHAIRMAN. The act was passed for defense purposes?

Mr. BALL. That is right; and there would have to be a finding by the President that the particular territory was a territory the defense of which was vital to the defense of the United States. That is the condition that the act imposes.

Mr. STETTINIUS. And that is how lend-lease is being operated.

Mr. BALL. May I say, to amplify that just a bit, that we provide, for example, civilian supplies to the United Kingdom. The United Kingdom is not a zone of military operations in the sense that there is a German Army and an American army fighting in that country. Nevertheless, to enable the British people to keep up the fight, we keep them at a level of subsistence where they can do that. That would presumably be true in France, as well, with the added specific military necessity of stabilizing conditions behind the fighting lines of our armies.

DISTRIBUTION OF LEND-LEASE MATERIAL IN NORTH AFRICA

Mr. TABER. Well, they are being hit occasionally by airplanes, and I think they are clearly within the scope of the act. The question with me is this: You are handling, yourselves, as I understand it, or the Army is handling for you, the distribution of whatever is being distributed in north Africa?

Mr. STETTINIUS. That is correct, sir.

Mr. TABER. Why should we have so many set-ups doing the same thing? That is the question in my mind. If you folks are going to come up here and get an appropriation from us, it would rather seem as though it was your job to handle it. If Governor Lehman's set-up is to come up here and get an appropriation from us, if we were authorized to make it, that would be another thing. In other words, I have to see too much scatter-fire.

(Statement off the record.)

Mr. WOODRUM. The circumstances under which the American forces and the British forces moved into north Africa, and the reception they received and the cooperation which they received, and the terrific demands which they made on the civilian economy were such that it is easy to understand why those in charge could certify that as

a matter of military necessity they had to do something for those civilians; they could not carry on a war there and leave those people starving in the gutter.

Mr. Ball. You had a civilian population whose economy had been seriously damaged by the Nazis, and you were in this position; you wanted the country to become self-supporting and to be able to provide food and other materials for the armies of the United Nations. You also wanted to prevent pestilence and disaffection in a population that was sitting athwart your communication lines. So it was absolutely essential, as a matter of carrying on the war effectively, that the population be kept in a condition where they would not be a hindrance but a help to the military effort.

Mr. Woodrum. And that situation is going to be repeated as any other country is reclaimed from the Axis powers.

Mr. Ball. I think that will probably be the case.

Mr. Woodrum. Almost any country or any area that the Allied Nations would move into now, that the Axis had occupied for any length of time, would be denuded of everything; there is not anything going to be left in those places.

Mr. Stettinius. That is right.

Mr. Taber. In connection with any of these countries that you go into in this way, is there any figuring being done on the basis of simply carrying them along with such things as will keep them together, with the idea of putting them on their feet and letting them take care of themselves?

Mr. Stettinius. That is the philosophy, Mr. Taber, that we are following; entirely that.

Mr. Taber. Is there any thought in laying this program out, of trying to avoid having these populations permanently on relief? Is there any thought of that?

Mr. Stettinius. I think the whole philosophy is to aid the liberated areas so that they may become self-supporting and of real assistance to the United Nations war effort just as quickly as possible. Actually, in north Africa, we are helping their agriculture. We hope before too many months roll by, certainly the next planting season, that they will again become a food-producing nation, able not only to feed themselves but to help feed Europe and help feed our troops who will be stationed there. Everything we are doing is in that direction.

Mr. Taber. What would you say as to the amount of money that is represented by these 30,000 tons a month that you said you were sending to north Africa?

Mr. Stettinius. Up to a couple of weeks ago $25,000,000 of goods had gone to north Africa.

Mr. Taber. Has it begun to taper off any?

Mr. Stettinius. No. I think 30,000 tons a month is about the present scale.

Mr. Taber. Should it not begin to taper off with the approach to the time when these people will be able to produce something on their own hook?

Mr. Stettinius. Mr. Taber, we shall taper it off just as soon as we can do it. You know about the shortage of shipping and we certainly are not going to use a ton of shipping space to send stuff to north Africa that is not, as I say, a military or a political necessity. The moment it can be tapered off, we shall taper it off.

Of course, this is an area of 16,000,000 people, and as Judge Woodrum has indicated, it was denuded by the Nazis. The amount that we have sent over there to date comes to less than $2 per person, including clothing and tractors and farming implements and other things.

Mr. LUDLOW. Are any of the other Allied Nations helping take care of this situation?

Mr. STETTINIUS. Yes; they are, sir. The British are making an impressive contribution.

Mr. LUDLOW. I mean, the civilian population?

Mr. STETTINIUS. Yes.

Mr. LUDLOW. To a material extent?

Mr. STETTINIUS. Yes; the British to a very large extent. The British have made a magnificent contribution in this whole matter of the civilian economy in north Africa.

May I mention another aspect of this north African problem. North Africa produces many valuable raw materials that we could not get elsewhere. By helping to restore the economy of the country we are making it possible to get manganese, cobalt, and other commodities. Great Britain is getting iron ore out of that country which before our invasion went to support the Axis. We are even getting some phosphates for agricultural fertilizer which is coming from north Africa as ballast on boats that would be otherwise empty. These are some of the results of restoring the population and the economy so that the people of north Africa can make a real contribution to the war.

ACTUAL LEND-LEASE OBLIGATIONS AND EXPENDITURES FROM BEGINNING OF LEND LEASE

Mr. TABER. Now, we have had given us, and I think we will probably put in the record, this monthly table. Have you put that in the record?

Mr. STETTINIUS. No. We would like to put it in the record.

Mr. TABER. I would like to have you put that in the record. I would like to have this monthly table of obligations and expenditures.

Mr. STETTINIUS. Right, sir.

Mr. TABER. And I would like to have you, also, insofar as you are able, continue that table through the period that we are requested to appropriate along the line of what you expect to obligate, and what you expect to pay out during the months that follow.

Mr. STETTINIUS. In other words, a forecast for the next 14 months of obligations?

Mr. TABER. It will be 15 months because it will include the month of April. This includes March only.

Mr. STETTINIUS. Right, sir.

Mr. TABER. Do you see what I mean?

Mr. STETTINIUS. We will do that promptly.

Mr. TABER. I would like to have that table put in the record.

The CHAIRMAN. Without objection, the table will be inserted.

Mr. TABER. These items, as I understand them, are entirely a report, insofar as this table goes, of the funds that have been appropriated to you.

Mr. STETTINIUS. The $18,400,000,000?

Mr. TABER. Rather than any of the funds that have been appropriated to the Army or the Navy that might be available for lend-lease purposes.

Mr. STETTINIUS. That is correct, sir.

Mr. TABER. And that is what you have in mind continuing?

Mr. STETTINIUS. That is correct, sir.

Mr. TABER. I suppose that I might just as well give this table that I have here to the clerk.

(The matter referred to is as follows:)

Statement of Lend-Lease obligations and expenditures by months actual from beginning of lend-lease through March 1943 forecast from April 1943 through June 1944

[Thousands of dollars]

	1941		1942		1943		1944	
	Obligations	Expenditures	Obligations	Expenditures	Obligations	Expenditures	Obligations	Expenditures
January			1,079,911	444,957	307,960	320,044	760,000	
February			1,109,060	503,897	376,219	331,334	760,000	
March			744,401	534,021	400,346	609,961	760,000	
April	128,581		672,790	618,324	551,000		760,000	
May	947,001	536	304,686	618,659	593,000		760,000	
June	1,382,015	139,669	483,945	698,575	645,000		760,000	
July	611,954	124,739	470,965	468,340	700,000			
August	486,037	123,968	353,264	666,628	760,000			
September	775,004	200,899	446,043	437,371	760,000			
October	482,560	227,847	298,395	603,145	760,000			
November	429,999	246,145	361,131	850,430	760,000			
December	1,026,905	302,235	292,375	549,077	760,000			
Total	6,270,056	1,366,038	6,616,966	6,993,424	[1]1,084,525	[1]1,261,339		
Monthly average	696,673	170,755	551,413	582,785	[1] 361,508	[1] 420,446		

[1] First 3 months.

Grand total through March 1943:
Obligations, 13,971.547.
Expenditures, 9,620.801.

Mr. TABER. The large items are in two categories, about $1,680,000,000 for vessels and other water craft, and a category indicating an item of water transportation largely. That is what that is; is it not?

Mr. STETTINIUS. That is what Admiral Land testified to yesterday, sir, and defended in great detail.

Mr. TABER. Yes.

VALUE OF LEND-LEASE TRANSFERS AND SERVICES RENDERED BY GEOGRAPHIC AREA

Now, we have got a lease-lend report breaking down these expenditures by quarters. Is that correct?

Mr. COX. By months.

Mr. TABER. It has been filed quarterly, breaking it down, and breaking down the delivery.

Mr. STETTINIUS. By months.

Mr. TABER. Now, the report is quarterly, and it is cumulative.

Mr. STETTINIUS. On the bottom of page 11, sir, of our last report, we give the monthly and the cumulative.

Mr. TABER. Would it be much trouble to have in the record a table of that type that would be broken down along the line of the

table that is on page 24 as between the different folks that it went to, that is, a monthly break-down? Would that be a feasible thing?

Mr. STETTINIUS. A monthly break-down from the source of appropriation?

Mr. TABER. No; a monthly break-down as between the different countries that benefited. You cannot separate it there, can you? That is too much of a job; is it not?

Mr. COX. Yes.

Mr. TABER. I was not asking for the break-down in the different categories, but the break-down of what went to the different countries, month by month. Would that be possible? Could you take that figure and break it down monthly between those? I would like to see that because that would tend to answer certain questions.

Mr. STETTINIUS. All right, sir.

(The matter referred to is as follows:)

Value of lend-lease transfers, monthly, and services rendered, cumulative by geographic area—as of Mar. 31, 1943

[Thousands of dollars]

	United Kingdom	Union of Soviet Socialist Republics	Africa, Middle East	India, China, Australia, New Zealand	Other	Total
1941						
March	----------	----------	----------	----------	5,935	5,935
April	4,875	----------	2,000	----------	13,000	19,875
May	19,277	----------	11,749	1,784	2,289	35,099
June	31,066	----------	7,126	538	2,270	41,000
July	50,245	----------	19,210	543	2,935	72,933
August	65,287	----------	19,312	7,742	2,724	95,065
September	121,267	----------	12,071	7,369	3,572	144,279
October	112,623	----------	9,718	8,664	1,098	132,103
November	129,930	----------	12,975	18,955	2,147	164,007
December	136,892	21,544	24,553	15,502	1,883	200,374
1942						
January	120,537	32,177	28,495	24,053	14,755	220,017
February	106,741	70,293	36,100	30,336	16,681	260,151
March	170,053	87,114	30,515	65,206	9,127	362,015
April	174,072	120,935	61,454	78,590	20,849	455,900
May	175,779	99,555	48,537	59,388	9,841	393,100
June	238,956	111,562	45,637	47,265	15,616	459,036
July	213,885	102,864	85,284	74,247	27,705	503,985
August	181,761	105,895	68,454	68,557	21,182	445,849
September	226,385	149,025	75,029	79,783	13,761	543,983
October	266,959	162,406	118,987	98,960	32,314	679,626
November	278,022	95,520	138,599	88,660	19,192	619,993
December	273,244	102,134	154,937	135,742	28,068	694,125
1943						
January	248,991	122,876	127,587	106,865	20,748	627,067
February	332,312	151,374	56,468	76,034	39,533	655,721
March	273,535	181,704	95,416	60,458	51,784	662,897
Total goods transferred	3,952,694	1,716,978	1,290,213	1,155,241	379,009	8,494,135
Ship repairs, etc	[2] 205,535	35,093	(2)	[2] [3] 1,384	20,123	262,135
Shipping	[2] 680,649	141,780	(2)	[2] [3] 13,128	94,225	929,782
Production facilities [4]	146,088	173,015	118,017	99,111	36,665	572,896
Miscellaneous	40,964	1,516	----------	[3] 768	17,322	60,570
Total services	----------	----------	----------	----------	----------	1,825,383
Total lend-lease aid	----------	----------	----------	----------	----------	10,319,518

[1] Since transfers to the British Empire are not all recorded by ultimate destination, the above distribution to British Empire countries has been made on the basis of the proportion of exports to each country.

[2] Inasmuch as all shipping for the British is pooled under the direction of the British Ministry of War Transport, it is not possible to segregate the costs of shipping and ship repairs by country. Consequently, the figures in the United Kingdom column are those for total British Empire.

[3] Figures apply to China only.

[4] Data for the geographic areas are estimated.

Mr. TABER. I think that is about all that I have. There are two or three other things that I want to ask, two or three questions that I would like some explanation regarding from these other agencies that have been up here—the War Shipping Administration, the Maritime Commission, the Agricultural Department, the War Food Administration, and the Treasury.

COMPARATIVE NUMBER OF EMPLOYEES PAID FROM ADMINISTRATIVE EXPENSES

I would like to have a detailed table indicating in one column the amount of the Budget estimate for each division in 1944, including the number of help; the same thing for the appropriations for 1943; in another column the actual number of the roll as of April 30 and the amount of the expenditures to April 30 out of those funds. That question can be a general question that will go to all of them.

Mr. COX. Is that all limited to the lend-lease funds used or to be used by these different agencies?

Mr. TABER. As to the items that are referred to on pages 8 to 23, inclusive, of the Budget message.

Mr. STETTINIUS. These can be prepared and submitted for the record.

Mr. TABER. That is what I am asking it for, and I want that same information from you prepared by your organization.

Mr. STETTINIUS. Right, sir.

The CHAIRMAN. In that connection, put in a justification of any increase in administrative funds.

Mr. TABER. For any one of those departments, or agencies?

Mr. STETTINIUS. Right, sir. That will be done.

(The matter referred to is as follows:)

Number of employees paid from category 10 funds as of Apr. 30, 1943, compared with employee man-years for the fiscal years 1943 and 1944

Agency	Employees—Apr. 30, 1943			Man-years					
				1943			1944		
	Departmental	Field	Total	Departmental	Field	Total	Departmental	Field	Total
Office of Lend-Lease Administration	607	7	[1] 614	479.4	5.2	484.6	638	8	646
War Shipping Administration	290	.....	290	184.3	.....	184.3	390	.....	390
Maritime Commission	245	.....	245	191.2	.....	191.2	234	.....	234
Department of Agriculture	1,278	1,032	2,310	1,039.3	780	1,819.3	1,353.4	1,303.1	2,656.5
Treasury Department	1,260	1,012	[2] 2,272	1,073.9	761	1,834.9	1,292	1,295	2,587

[1] Includes 41 authorized positions for which recruitment is in process.
[2] Includes 82 authorized positions for which recruitment is in process.

Estimated Budget requirements for administrative expenses for 1943 and 1944 compared with number of employees as of Apr. 30, 1943

Agency	Employees Apr. 30, 1943	1944		1943		Actual expenditures July 1, 1942–Mar. 31, 1943	Justifications for increase in administrative expenses
		Man-years	Estimated obligations	Man-years	Estimated obligations		
Office of Lend-Lease Administration:							The proposed increase is from an originally authorized figure of 595 to the 1944 Budget estimate of 646, a rise of 51. Of the increase, 19 result from a shift of service employees from the Office for Emergency Management pay roll to the Lend-Lease pay roll. The remaining 32 are due to the required representation on the W. P. B. Divisional Requirements Committee and the work of properly representing requirements thereto; the operations as a claimant agency under the Controlled Materials Plan; and the work incidental to planning for and rendering aid to north and west Africa and other liberated areas.
Departmental	607	638.0	$2,051,140	479.4	$1,464,995		
Field	7	8.0	34,200	5.2	22,210		
Total personal services	[1] 614	646.0	2,085,340	484.6	1,487,205	$1,013,900	
Total other obligations			391,321		448,418	207,605	
Grand total			2,476,661		1,935,623	1,221,505	
War Shipping Administration:							The War Shipping Administration requires a greater number of personnel due to the expected increase in the volume of lend-lease shipping for which they are responsible.
Departmental	290	390.0	896,872	184.3	457,122		
Field	0	0	0	0	0		
Total personal services	290	390.0	896,872	184.3	457,122	155,429	
Total other obligations			103,128		124,389	12,176	
Grand total			1,000,000		581,511	167,605	
Maritime Commission:							The Maritime Commission requires substantially the same number of employees as at present.
Departmental	245	234.0	400,597	192.2	346,945		
Field	0	0	0	0	0		
Total personal services	245	234.0	400,597	192.2	346,945	216,736	
Total other obligations			54,275		51,690	6,989	
Grand total			454,872		398,635	223,725	
Department of Agriculture:							Administrative and operating expenses for the Food Distribution Administration will total approximately $6,725,000 in the fiscal year 1944, compared to $5,033,836 for 1943—an increase of ⅓. The principal reasons for this increase are: 1. Expansion of the food procurement program. The monthly rate of purchases in the fiscal year 1944 will be almost twice the rate during the fiscal year 1943. 2. Increased difficulties of procurement. Shortages of commodities, transportation, processing plant facilities, manpower make purchasing and handling more difficult.
Bureau of Agricultural Economics:							
Departmental	19	12.5	24,360	12.5	25,263		
Field	12	16.0	33,660	19.0	43,117		
Total personal services	31	28.5	58,020	31.5	68,380	54,946	
Total other obligations			6,300		7,800	3,044	
Grand total			64,320		76,180	57,990	

[1] Includes 41 in process of recruitment.

Estimated Budget requirements for administrative expenses for 1943 and 1944 compared with number of employees as of Apr. 30, 1943—Con.

Agency	Employees Apr. 30, 1943	1944		1943		Actual expenditures July 1, 1942–Mar. 31, 1943	Justifications for increase in administrative expenses
		Man-years	Estimated obligations	Man-years	Estimated obligations		
Department of Agriculture—Continued.							
Office of Foreign Agricultural Relations:							
Departmental	13	13.5	$39,310	12.7	$39,438		Increased number of nations participating. Seventeen foreign governments have presented their requirements for the coming fiscal year compared to 6 or 7 a year ago.
Field	0	0	0	0	0		
Total personal services	13	13.5	39,310	12.7	39,438	$29,013	4. Increased number of commodities to be purchased. This administration will procure 140 individual commodities in the fiscal year 1944 compared to less than 100 a year ago. However, in spite of these increases, the over-all cost of administering the procurement program will be approximately ¼ of a cent per dollar of purchases.
Total other obligations			2,380		2,472	1,380	
Grand total			41,690		41,910	30,393	
War Food Administration:							The increase in personnel of the Procurement Division under the lend-lease program is required because of constantly mounting deliveries of material of which inspection is necessary; the necessity for increased warehousing activities in order to insure maximum utilization of available shipping space; numerous special purchase programs entailing a large amount of subcontracting and the necessity for close coordination of deliveries from all suppliers; the greater emphasis which is being placed on marking and packing for overseas shipment; the requirements of North and West Africa and other liberated areas; and the expansion of inventory recordsto assist the Procurement Division and other Government agencies in close control of all materials.
Departmental	1,246	1,327.4	3,062,761	1,014.1	2,415,820		
Field	1,020	1,287.1	2,505,895	761.0	1,610,547		
Total personal services	2,266	2,614.5	5,568,656	1,775.1	4,026,367	2,772,428	
Total other obligations			1,156,344		1,007,469	447,932	
Grand total			6,725,000		5,033,836	3,220,360	
Treasury Department:							
Departmental	1,260	1,292.0	2,433,000	1,073.9	2,136,000		
Field	1,012	1,295.0	3,234,400	761.0	2,004,000		
Total personal services	[2] 2,272	2,587.0	5,667,400	1,834.9	4,140,000	2,643,420	
Total other obligations			1,212,000		828,700	501,322	
Grand total			6,879,400		4,968,700	3,144,742	

[2] Includes 82 in process of recruitment.

Mr. TABER. That is about all I have, I think.
The CHAIRMAN. Mr. Wigglesworth.

AUTHORIZATION FOR TRANSFER BY ARMY, NAVY, ETC., FOR LEND-LEASE PURPOSES

Mr. WIGGLESWORTH. You have told us that $18,400,000,000, roughly, has been appropriated direct for lend-lease purposes, and you are asking here for an additional amount, roughly, of about $6,400,000,000, which brings the total of the entire appropriation up to, roughly, $24,800,000,000.

Now, how much in addition to that is available through authorizations for the transfer by the Army, the Navy, or other agencies for lend-lease purposes?

Mr. STETTINIUS. The figures, sir, were $54,380,000,000, except for the value of ships which may be leased before this appropriation, so this appropriation will add to that a sum that will make it come up to $60,800,000,000.

Mr. WIGGLESWORTH. That means that there is something like $36,000,000,000 of authority to transfer in the Army, the Navy, or other agencies over and above the——

Mr. STETTINIUS. On the bottom of page 47 of the eighth quarterly report to Congress you will find a tabulation, sir.

Mr. WIGGLESWORTH. That means, if I read this right, that the War Department has authority to transfer up to $35,970,000,000, and in addition to that the Maritime Commission has authority to transfer up to something over $5,000,000,000, and in addition to that the Navy Department has the authority to transfer without limitation.

Mr. COX. The Navy and Maritime Commission have authority only to transfer ships by lease.

Mr. WIGGLESWORTH. So, over and above this $18,400,000,000, there is roughly $41,000,000,000.

Mr. STETTINIUS. That is correct, sir.

Mr. WIGGLESWORTH. On transfer authority, plus an unlimited authority in terms of ships for the Navy to lease. Now, in your request for this year when you indicate that sums requested are to be expended in respect to categories 4, 7, 8, and 10——

Mr. STETTINIUS. That is right.

Mr. WIGGLESWORTH. Does that mean that there are to be no transfers of lend-lease materials under categories 1, 2, 3, 5, and 6?

Mr. STETTINIUS. Mr. Wigglesworth, finished tanks, weapons, or airplanes will be transferred to the United Nations either from the appropriations already made to the Army or the Navy, or the appropriations you may make in the future to the Army and Navy.

Mr. WIGGLESWORTH. Is it contemplated that further requests will be made by the Army, Navy, or any other agency for lend-lease transfers in respect to the next 14 months?

Mr. STETTINIUS. Yes; I think so.

Mr. WIGGLESWORTH. By whom?

Mr. STETTINIUS. The War Department would ask you for authority in the language of the legislation to transfer with the approval of the President, "X" percent.

Mr. WIGGLESWORTH. Over and above what authority they already have?

Mr. STETTINIUS. That is my understanding.

Mr. WIGGLESWORTH. May I ask this question. It is my understanding that the only actual transfers against this authority over and above the $18,400,000,000 amounts to something like $1,200,000,000; if that is the fact, why should there be further requests from other agencies for authority in respect to the next 14 months?

Mr. STETTINIUS. May I ask Mr. Cox to comment on that?

Mr. COX. I do not think it would be necessary if the language in the existing appropriation acts were broad enough to include the power to transfer out of future appropriations. What must be borne in mind is the difference between an appropriation specifically for lend-lease purposes such as we are now asking and the right to transfer for lend-lease purposes up to a certain limit out of appropriations to the Army and Navy for war matériel. In the case of transfer authority there is no duty, of course, to transfer any of the matériel to the United Nations or lend-lease countries. All of the planes and guns and tanks procured out of the appropriation may be retained for the use of the United States Army if that is in accord with the strategic decisions.

With the amount of transfer authority in the appropriations available, in most cases, I should think it would not be necessary to increase the amount of transfer as long as the new appropriation language was flexible enough to tie in with the prior transfer authority, which is being done in the case of the Navy, as I understand it.

ACCOUNTING CONTRACT FOR TRANSFERS BY OTHER AGENCIES

Mr. WIGGLESWORTH. To what extent does lend-lease control the accounting for transfers by other agencies?

Mr. STETTINIUS. The other agencies report their transfers to us.

Mr. WIGGLESWORTH. Do you accept their figures and incorporate them in your quarterly reports?

Mr. STETTINIUS. We set up a uniform accounting system, Mr. Wigglesworth, at the outset. Each of the agencies that make transfers follow the same procedure. They report monthly to us. We keep the master sets of the books and report to the Congress quarterly.

Mr. WIGGLESWORTH. Your accounts, in turn, are audited by the General Accounting Office?

Mr. STETTINIUS. That is right, sir.

Mr. WIGGLESWORTH. You have shown us a secret document 59 pages in length which sets up in great detail exactly what this over-all request for the next 14 months is expected to be.

Do you maintain similar accounts with respect to what has been transferred in the past?

Mr. STETTINIUS. You have in your binder a master statement—it is No. 13 in your statistical exhibits, sir—which shows by country and by category lend-lease exports from the passage of the Lend-Lease Act in March 1941.

We can if you wish prepare an even more detailed break-down. However, you will note that table 13 is rather detailed. For ex-

ample, on the bottom of the page, you will find the quantity of eggs, the quantity of cheese, the quantity of butter, the quantity of meats, tires, and tubes, and then on the second page of the table you have the quantity of nickel, tin, and zinc, machine tools, and so forth.

Mr. WIGGLESWORTH. And you have, as a matter of record, of course, not only the dollar value, which is shown on this statement, but you have the quantities?

Mr. STETTINIUS. We have the quantities and the items, sir, available in our records.

Mr. WIGGLESWORTH. That is in detail up to the matter of transfer?

Mr. STETTINIUS. The table shows exports, not transfers. The table does not include the inventories that might be still on this side of the water.

CHECK ON USE OF LEND-LEASE COMMODITIES BY RECIPIENT NATIONS

Mr. WIGGLESWORTH. Now, I asked someone yesterday something about the matter of control in terms of the application of lend-lease commodities by recipient nations. Would you say something along that line?

Mr. STETTINIUS. I am afraid that I do not understand.

Mr. WIGGLESWORTH. In other words, what check have we that other nations in fact use the lend-lease commodities for the purposes for which they are acquired?

Mr. STETTNIUS. In our screening process, Mr. Orchard's department analyzes each individual requisition with the greatest possible care. If a country asks for 10,000 tons of aluminum Mr. Orchard's decision requires an explanation as to exactly what that country's inventory is and what it proposes to use the aluminum for. All of those justifications are available in our records covering all items.

Now, did you mean to inquire whether or not we actually make an inspection in the country as to the use for which a machine tool is put, for example?

Mr. WIGGLESWORTH. What check is made, not only as to machine tools, but as to clothing, cotton, and other lend-lease materials?

Mr. STETTINIUS. This is a matter to which we have given great attention all during the administration of lend-lease. Mr. Harriman's office in London has a small staff that keeps closely in touch with the various ministries there. His staff reports to us from time to time as to the various checks that are made.

Mr. Cox has a statement that I would like to have in the record.

Mr. COX. In addition to the screening and the review here which take into consideration not only the use to which a country proposes to put lend-lease materials, but the productive capacity of that country and its inventory position, the lend-lease missions abroad check on the uses of the materials. Over and above that, lend-lease keeps in constant touch wth the different controls that are in effect in the various countries governing the use of particular materials. Whether it is copper, tin, or nickel, one of the things that is always cross-checked, for example, is whether a country's requirements are more stringent than ours in terms of limitations on a short supply.

The other control which is in substance a semiautomatic control is shipping. For example, countries like Russia are in such pressing need

due to the actual conditions of warfare and limited shipping that, of course, they will ask for and ship only those things which are vitally necessary to carryon with the war; otherwise, it would be a waste of the most valuable commodity which they have, which is shipping.

Mr. STETTINIUS. I should like to add that the War Production Board shortly after I was in England last year sent a mission to the United Kingdom made up of six of the best steel experts in America. That mission stayed in England many, many weeks, visiting all the British plants and investigating all of their processes. They made a comprehensive engineering study that has been most helpful in showing the use to which the steel was being put.

Mr. WIGGLESWORTH. As far as lend-lease is concerned, is there any foundation for the statement that lend-lease funds are shipped to private persons or private concerns in recipient countries?

Mr. STETTINIUS. No; all lend-lease transactions are on a government-to-government basis.

EXTENT OF LEND-LEASE SHIPMENTS TO PRIVATE CONCERNS

Mr. WIGGLESWORTH. Then our lend-lease goods are not shipped to private concerns or private individuals in other countries?

Mr. STETTINIUS. Some lend-lease goods are distributed by the British Government through regular commercial channels. But even though some bacon should be distributed by a grocery wholesaler, the bacon is consigned to the British Government and distributed as directed by the British Government.

Mr. COX. Or another illustration would be copper and brass that go by consignment to the British Government. They may then go either to one of the royal arsenals or a private munitions manufacturer who fabricates the materials into a complete cartridge shell.

Another phase of the problem is the special control set up so that when the materials are distributed through private channels by the Government for the purposes of carrying on the war, the material is not exported in competition with American producers. That control was set up by a declaration of the British Government known as the White Paper. A staff has been organized in the Lend-Lease Administration to work with the British Government representatives in the administration of the White Paper.

Mr. WIGGLESWORTH. Is there any basis in fact for statements to the effect that nylon hosiery and beer and moving-picture equipment, and so forth, are going under lend-lease to either private concerns or private individuals in other countries?

Mr. STETTINIUS. No, sir. The motion-picture equipment that goes under lend-lease goes for a military reason, to be used by the Air Corps or for troop instruction. No beer has been lend-leased at any time. I am sure that any rumors of that kind have been malicious and they are entirely unfounded.

PAYMENT OF EXPENSES OF FOREIGN MISSIONS TO THIS COUNTRY BY COUNTRIES REPRESENTED

Mr. WIGGLESWORTH. Is there any foundation in fact for the stories to the effect that the expenses of foreign missions in this country have been taken care of out of lend-lease funds?

Mr. STETTINIUS. The foreign governments pay all their own expenses—their pay rolls, all their administrative expenses. I am delighted to say for the record that many of the expenses of the United States forces and of United States civilian missions in the United Kingdom and other countries are provided to us under reverse lend-lease. Those countries are doing something for us under reverse lend-lease that we are not doing for them under lend-lease.

PURCHASE OF SHIPS IN CANADA

Mr. WIGGLESWORTH. Do you care to make a statement either on or off the record in reference to the Canadian ship construction picture?

Mr. STETTINIUS. Well, that is something that is really in Admiral Land's jurisdiction, Mr. Wigglesworth.

Mr. WIGGLESWORTH. It has been stated that ships have been purchased out of lend-lease funds from Canada for the common war effort.

Mr. STETTINIUS. Mr. Wigglesworth, that question arose during our hearings on the extension of the Lend-Lease Act before the Foreign Affairs Committee, and there is a statement in the record of those hearings on that. I should be happy to put a statement in the record at this time on this subject. Would you like to glance at it now, or would you like for me to read it? I think that it covers the story exhaustively.

Mr. WIGGLESWORTH. The payments have not been made out of lend-lease funds for those ships?

Mr. STETTINIUS. It has been a Maritime Commission matter in the case of all merchant ships.

Mr. WIGGLESWORTH. I think that if you would put a statement in the record, it would be helpful.

(The statement referred to is as follows:)

PURCHASE OF SHIPS IN CANADA

No funds appropriated to the President for lend-lease purposes have been used to contract for the construction of merchant vessels outside the United States. Up to February 28, 1943, the Navy Department had placed contracts with lend-lease funds for the construction in Canada of * * * corvettes at an estimated cost of $ * * * have been completed and the remainder will be completed in 1943. The Navy Department has also placed with its own funds contracts for the construction in Canada of * * * minesweepers. The placing of these contracts in Canada is in conformity with the principle of the Hyde Park agreement that the fullest possible utilization be made of existing Canadian manufacturing facilities for the purpose of speed in war supply.

Up to February 28, 1943, the United States Maritime Commission had placed contracts with its own funds for the construction in Canada of 100 merchant vessels, 88 of which had been delivered and turned over to the British Ministry of War Transport on bare-boat charter.

Mr. WIGGLESWORTH. Is stapling wire a thing that is sent in quantity abroad under lend-lease, such as is used for binding purposes?

Mr. STETTINIUS. I never heard of it personally.

Mr. WIGGLESWORTH. I received a letter from a national printing organization recently complaining that it was very difficult to get this wire which is very essential. They said that it was being sent abroad under lend-lease and was returned to this country in whisky containers.

Mr. ORCHARD. I am sure that that is incorrect.

Mr. STETTINIUS. May we investigate that matter and write you a letter? We will investigate to see whether any of this staple is being shipped. The gentlemen here who procure say categorically, no, we have not done that, sir, so a letter will not be necessary.

AGRICULTURAL IMPLEMENTS AND INDUSTRIAL COMMODITIES

Mr. WIGGLESWORTH. As to the agricultural implements and the industrial commodities under category 7.

Mr. STETTINIUS. Mr. Mack behind you will testify on the industrial commodities. I should like to add that agricultural implements constitute a $16,000,000 program; $12,000,000 of which is for new agricultural implements. This amounts to a little over 3 percent of this year's production. This program has been reviewed by the Department of Agriculture, and we have a letter from the Secretary saying that he feels that the program is entirely reasonable.

DIFFICULTIES ATTACHED TO COMPUTING LEND-LEASE IN REVERSE IN DOLLARS AND CENTS

Mr. WIGGLESWORTH. I forget just what you were asked about lend-lease in reserve. I assume you are going to furnish information for the record to give us a detailed picture of that?

Mr. STETTINIUS. I think probably that will be most satisfactory. We went into the subject exhaustively before the Foreign Affairs Committee and the Foreign Relations Committee, and I think that it probably would be most satisfactory for you to let us prepare an up-to-the-minute picture of lend-lease in reverse and put it in the record for your examination.

Mr. WIGGLESWORTH. By countries and by commodities?

Mr. STETTINIUS. Yes. We will give you an over-all review of the situation as it now stands.

(The matter referred to may be found on p. 30.)

Mr. WIGGLESWORTH. I know that it was discussed at great length in connection with the extension hearings, and as I understand it, somebody has a complete record of all lend-lease in reverse transactions by commodities and tonnage, or other units. Just why is it that there is so much difficulty involved, either on your part or on the part of other nations, in converting that information in terms of dollars and cents?

Mr. STETTINIUS. Mr. Wigglesworth, that is one of the most complex problems we have faced in lend-lease. When I was in England I studied the matter exhaustively with the British and with our own military representatives, and with lend-lease representatives there. I have become convinced that in the middle of the war, with a shortage of manpower, and with shortages of other kinds, it just is not possible to calculate down to the last dollar the value of these items. We discussed this whole question in great detail before the Foreign Affairs Committee.

Mr. WIGGLESWORTH. I have been through those hearings, and I know the difficulties are said to be great, but frankly it still is not at all clear to me why it should be so difficult. If you have a record by items and by pounds, tons, or whatever the unit is, why is it so difficult to compute that in a dollar-and-cents equivalent.

Mr. STETTINIUS. If we receive 1,000,000 pairs of socks, and if we assume that they are worth $1 a pair, they have a value of $1,000,000. That is easy. But that is not the only kind of item we receive, and if I were to try to give you a total picture of the aid received to date it would be impossible. There are many articles and services of many, many different kinds that just cannot be converted into dollars.

(Discussion off the record.)

Mr. WIGGLESWORTH. So far as our services are concerned, we put a value on them immediately.

Mr. STETTINIUS. When we export a tank, or a ton of flour under lend-lease our cost is recorded.

Mr. COX. That is easy because then we have a cost.

Mr. STETTINIUS. Mr. Wigglesworth, when the information is easily, readily obtainable from a common-sense standpoint a value can be kept. When, for example, 10 carloads of potatoes go up to Glasgow and are unloaded, why, of course, a value can be computed easily from the number of tons of potatoes and the price of potatoes. But there are other kinds of articles and services which present a different problem.

Mr. COX. I think that another thing that has made difficult any comparison between reverse lend-lease aid and what we have done is that our allies are supplying us with services and things under reverse lend-lease that we do not supply under lend-lease. For example, we do not have to pay rent or telephone and telegraph charges for any of our official people in the United Kingdom when they act within their official duties. They receive all sorts of accommodations and services—their meals and that sort of thing—which present a much more complicated problem of valuation than the problem involved with respect to the lend-lease supplies and services we render.

NEW LANGUAGE IN ESTIMATES TO ALLOW TRANSFERS BETWEEN CERTAIN CATEGORIES OF APPROPRIATIONS

Mr. WIGGLESWORTH. Is the language in the request identical with the language applicable to this fiscal year?

Mr. COX. No. There are two differences. One arises from the transfer of free funds in category 1. That category could legally be used to procure things like brass for cartridge cases, but in order to keep the Congress more clearly informed, such materials will all be procured out of category 7 and the free funds in category 1 will be transferred to category 7.

In category 9 the fund presently available there is $377,000,000, approximately, and under the language proposed that will be available for transfer into any of the other categories except category No. 10, which is for administrative expenses. The idea behind that is that when a contingency arises that was not specifically budgeted or foreseen at the time we can make the allocation out of category 9 to category 7 or category 4, or one of the other live categories.

Mr. WIGGLESWORTH. That means that you are going to have a reserve of $377,000,000, plus your authority to transfer 20 percent.

Mr. COX. Yes; we have authority to transfer 20 percent out of any category, but we may not increase any category by an amount in excess of 30 percent. These transfer limitations will not, however, apply to category 9.

(Discussion off the record.)

Mr. WIGGLESWORTH. I do not think I have anything further, Mr. Chairman.

FLEXIBILITY OF LEND-LEASE PROGRAM

Mr. LAMBERTSON. I appreciate the penetrative ability of my two colleagues here ranking me, and their disposition to go into these things. I envy them, but I have not the inclination myself.

Who determines the policy? There is nothing under lease-lend that is determined definitely as to how much, where, and so on? That is always a flexible thing with your organization and the President; is it not?

Mr. STETTINIUS. It depends on the strategy of the war, as of the week of the war.

Mr. LAMBERTSON. It changes every week?

Mr. STETTINIUS. It changes every week.

Mr. LAMBERTSON. So that, after asking all these questions, this thing can all be turned around in a week or two?

Mr. STETTINIUS. That is right, but in general it probably will not happen to that extent.

Mr. LAMBERTSON. And it is all out the window, really?

Mr. STETTINIUS. We report to you every 90 days the results of the past 90 days. When we concluded before the House Foreign Affairs Committee, I told Chairman Bloom that I hoped he would allow me to come up two or three times during the year and, off the record, visit with the Foreign Affairs Committee. I hope, Mr. Cannon, that at some time during the next 12 months, before we come back for money again, you may invite me up here just informally to visit with the committee for an hour or two, and acquaint you with the current developments of lend-lease.

Mr. LAMBERTSON. What is your rough estimate, or as accurately as you can give it, of what you are going to ask for the first 12 months after the war is over?

Mr. STETTINIUS. Mr. Lambertson, lend-lease is a war instrument and, at this moment, I am not sure we shall ask for anything.

Mr. LAMBERTSON. Well, what is this thing I am reading, a whole page advertisement last night, about the "four freedoms" bond drive?

Mr. STETTINIUS. That has nothing directly to do with lend-lease.

Mr. LAMBERTSON. It has nothing to do with this war, either, but we are advertising a "four freedoms" bond drive and you know that lease-lend has plenty to do with resuscitating.

Mr. STETTINIUS. No, sir.

Mr. LAMBERTSON. It has not?

Mr. STETTINIUS. No, sir. You voted for the extension of lend-lease to help win this war, to help get guns, ammunition, and food to our fighting forces. Now, if lend-lease is to go on after the war in any way, the Congress of the United States will decide as to how it will go on and to what extent it will go on.

The CHAIRMAN. And whether it will go on?

Mr. STETTINIUS. And whether it will go on.

Mr. LAMBERTSON. What do you mean—"after the war"? When hostilities cease, or when the emergency is ended? They are two different things.

Mr. STETTINIUS. As long as the defense of any member of the United Nations family is vital to the defense of America, lend-lease will continue—lend-lease will cease after that time.

Mr. LAMBERTSON. Well, hostilities may cease, but under the emergency and policing the world we may go on for quite a while.

Mr. STETTINIUS. Yes, sir. But about 6 weeks ago, you cast a vote giving us life for only 1 more year.

Mr. LAMBERTSON. Yes.

Mr. STETTINIUS. You are going to take another look at us another 10 months from now.

DISCUSSION OF REHABILITATION OF CONQUERED NATIONS

Mr. LAMBERTSON. And every time we do it we are committing ourselves more and more, after the war, to resuscitating the conquered Allied Nations. Really, are not we doing that?

Mr. STETTINIUS. I do not think that you are doing so by extending the Lend-Lease Administration.

Mr. LAMBERTSON. Are not we making our pledge to them?

Mr. STETTINIUS. Not through lend-lease.

Mr. LAMBERTSON. We were talking about resuscitation a little while ago and helping the conquered nations. I noticed an item that Greece is asking for help and it is going to take a lot for Greece, and little nations like that. I am just trying to get an estimate. All of the details are not important to me. While it is fine to have somebody to do it, it is not important to me when they are going to be changed every 3 months, at least, before we are through, and, under the emergency that we are operating under, we are committing ourselves more and more every year. I wonder if anybody is visualizing what this thing is going to cost us and what we are going to do with victory. We are planning on after victory.

Mr. STETTINIUS. Yes.

Mr. LAMBERTSON. And it is all going to be handled through you.

Mr. STETTINIUS. No, sir; the Congress is going to decide.

Mr. LAMBERTSON. I know, but we are going to do it through you.

Mr. STETTINIUS. No; that has not been determined at all.

Mr. LAMBERTSON. Well, you are the only set-up we have that is dealing with foreign countries in a very tangible way, for food, munitions, and everything else, and the food part is going to be just as much needed to save them after the war is over and bring them back, as it is to win the war.

Mr. STETTINIUS. Well, you control the purse strings for the American people, and you will have to decide.

Mr. LAMBERTSON. Oh, yes; just figuratively we do; that is, just on paper.

May I just say this one thing more? Maybe I missed it, but there used to be a little division of opinion here, or a little undecided opinion about who controls lend-lease.

Mr. STETTINIUS. I am in charge of lend-lease, Mr. Lambertson.

Mr. LAMBERTSON. You are really the boss of lend-lease?

Mr. STETTINIUS. I have been the Lend-Lease Administrator since October 1941.

Mr. LAMBERTSON. Well, you used to tell us you were only on paper, and insisted that somebody else was.

Mr. STETTINIUS. Mr. Harry Hopkins has been identified with lend-lease in the public mind for several reasons. During the early days of the program before the establishment of the Office of Lend-Lease Administration Mr. Hopkins, along with Maj. Gen. James Burns, actively guided lend-lease operations. In 1941 Mr. Hopkins went to London and later to Moscow and the dramatic and important nature of his missions, particularly in connection with the negotiation of the Moscow protocol, was widely commented on. Mr. Hopkins has performed a very important and very valuable function in the whole question of United Nations supply and I hope some day Mr. Hopkins' great part in this war will be understood by the American people. But since October 1941 I have had the full authority that you gave the President under the Lend-Lease Act, with the exception of the responsibility for negotiating master agreements, which was entrusted to the State Department in consultation with the Board of Economic Warfare and the Lend-Lease Administration.

Mr. LAMBERTSON. If the war is over in 3 or 4 years, and we all hope it will be—nobody expects it to be over much before that time—is there any question in your mind but what we will be lease-lending 10 years from now, and maybe in larger proportions every year?

Mr. STETTINIUS. No, Mr. Lambertson, I do not think so.

Mr. LAMBERTSON. You really do not?

Mr. STETTINIUS. I recognize, of course, that there is a job to be done in the devastated portions of Europe; but it is up to the Congress whether and to what extent lend-lease shall assist in that job.

Mr. LAMBERTSON. And some people say we have obligated ourselves.

Mr. STETTINIUS. No, sir. The Congress of the United States will have to determine what the scope of that job is and how much money is to be appropriated for that purpose.

Mr. LAMBERTSON. Surely.

Mr. STETTINIUS. And what agency is to spend it.

Mr. LAMBERTSON. But we are committing ourselves more and more all the time to future obligations after hostilities have ceased, to my mind, and I want you to kind of admit it. [Laughter.]

Mr. STETTINIUS. No, sir; I cannot admit it, because I do not believe it, Mr. Lambertson, in my heart. Our commitment to the members of the other United Nations is to do our part in winning this war.

Mr. LAMBERTSON. But I have to go back to who is the authority for this "four freedoms" bond drive that we are hearing about right now. The "four freedoms" did not have anything to do with this war, but we are dovetailing into the future every day—just dovetailing into the future. That is all.

POSSIBILITY OF REDUCING NUMBER OF LEND-LEASE COMMODITIES

Mr. O'NEAL. I want to ask just one more question, Mr. Stettinius. After all, we are an appropriations committee. The chief purpose of our assembling here to hear you is not on questions of policy, but it is a matter of seeing, even in a worthy enterprise, if there is not some way of saving a dollar or a cent here and there.

I asked some questions yesterday and I felt personally that a case was not made out for a lot of the type of lend-lease shipping that was

being done. I realize the shipping of vegetables and things of that sort take space that is needed for other things, and there is the hazard to the lives of the sailors, the gunners, and the others on these boats, and I was wondering if there was anything in that item that we might possibly eliminate—I do not know how you feel about it—and, in eliminating it, possibly save some of the lend-lease funds.

Mr. STETTINIUS. I would like to make a statement off the record.

(Discussion off the record.)

DISCUSSION OF ASSETS OF ALLIED NATIONS IN UNITED STATES BANKS

The CHAIRMAN. Mr. Stettinius, the Allied Nations had large assets in this country and had heavy balances in American banks prior to the war, and they also borrowed very large sums of money from the Reconstruction Finance Corporation on their assets. Is there any of that money or are there any of those assets left?

Mr. STETTINIUS. There are some of the assets left, Mr. Chairman. After the President finds the defense of a country vital to the defense of the United States the Lend-Lease Administration discusses with the Treasury Department and the State Department the financial condition of that country. Now, if the country has sufficient cash assets in this country it may be required to pay cash for the goods which it receives under lend-lease. In the case of the Netherlands, while lend-lease arranged for them to receive civilian supplies through the mechanism of lend-lease, these supplies are furnished on a cash-reimbursement basis, since the Netherlands is in a financial position where it can pay for the goods. There are other countries which we also serve on a cash-reimbursement basis.

The matter of the cash assets and financial condition of the countries is constantly studied by ourselves, in conjunction with the Treasury and State Department, and we adjust our operations to the financial condition of the country.

STATUS OF PRIVATE CONTRACTS OF OTHER NATIONS UNEXECUTED AT BEGINNING OF WAR

The CHAIRMAN. All of these countries, or the most of them, had contracts in this country privately?

Mr. STETTINIUS. Yes, sir.

The CHAIRMAN. Which were in process of execution?

Mr. STETTINIUS. Yes, sir.

The CHAIRMAN. Are any supplies still being bought on those contracts?

Mr. STETTINIUS. Yes, sir. Some of those old British contracts and Russian contracts are still producing finished munitions and other items. The preexisting British contracts have continued and the supplies are being paid for by the British.

OBLIGATIONS OR COMMITMENTS UNDER CONTRACTS FOR PURCHASE OF LEND-LEASE MATERIAL BY OTHER COUNTRIES

The CHAIRMAN. Under the second lend-lease appropriation, the President was authorized to provide supplies for any country con-

sidered vital to the conduct of the war, upon the agreement of that country to pay, and there was a limitation on outstanding obligations at ony one time, under this authority, of $600,000,000. To what extent was the authority availed of and are there any outstanding commitments or unpaid obligations remaining?

Mr. STETTINIUS. It was availed of to a very minor extent. As of March 31, 1943, procurement had been authorized pursuant to section 102 in the amount of $150,000,000. Obligations outstanding against this authority as of March 31, 1943, were in the amount of $36,654,440.43. Liquidation of these obligations will be made from funds received from the countries receiving the goods prior to delivery.

The CHAIRMAN. Were any goods bought on this basis that were not delivered and that were held for our account?

Mr. COX. No.

DISCUSSION OF CONTRACTUAL AUTHORITY OF LEND-LEASE ADMINISTRATION

The CHAIRMAN. If this 8½-billion-dollar estimate we are considering here is granted, contracts can be made under it up until June 30, 1944, I believe?

Mr. STETTINIUS. That is correct, sir.

The CHAIRMAN. After that date the authority exists until July 1, 1947, to carry into effect contracts made prior to July 1, 1944. Now, if this 8.4 billion is granted, can all of it and will all of it be obligated before July 1, 1944?

Mr. STETTINIUS. We expect to obligate all of the funds before July 1, 1944.

The CHAIRMAN. If that is done, how long would it be before the goods ordered prior to July 1, 1944, would be delivered, normally?

Mr. STETTINIUS. Normally the heavier goods run from 14 to 18 months.

Mr. COX. I think the most of the articles in our present budget would be delivered without much time lag because these items are not like 4-engine bombers; they are more like off-the-shelf items, such as food and raw materials.

Mr. STETTINIUS. They are industrial commodities, food and services that would be delivered very promptly, within a matter of a few months. I misunderstood your question.

The CHAIRMAN. Then, if no funds were available after July 1, 1944, over what period of time following July 1, 1944, would we still be delivering these lend-lease articles, and in what volume?

Mr. STETTINIUS. As far as articles are concerned, they would be delivered in a very few months. However, our program has been laid out so that all of these funds would probably be exhausted as of that time. The services and the shipping money would be utilized before that date, and the food and industrial commodities would be delivered a few months later.

Mr. COX. Probably 80 percent or more of the funds would be not only obligated, but 80 percent or more of the supplies would be procured and available for shipment before June 30, 1944. In all likelihood, of the remaining balance of 20 percent or less, only a few sporadic items would not be delivered until a few months after that. It is conceivable that a particular item which comes up in the tag

end of that period might take 3 months to manufacture; but it would not be generally the case.

Mr. STETTINIUS. I think Mr. Cox's statement is entirely correct, that the overwhelming amount of articles and material would actually be shipped prior to that date, but there might be a small percentage that would straggle along a few months afterward. If we were asking for funds for finished munitions which would take months or years to make, that would not be the case.

Mr. Cox. There is only one other point to mention in that connection, that is, that most of these contracts contain cancelation clauses in them. So that if we should assume that the war would be over by February or May, a good many contracts might be canceled if it were found to be a wise policy to do it.

Mr. WIGGLESWORTH. Do not they all contain that clause?

Mr. Cox. I think all of them do, but I am not positive about it, sir, as to the agricultural items, which are on a different basis from munitions and raw materials. In the case of agricultural products you do not deal through ordinary producers, but deal through marketing associations and that sort of thing. I am not sure that all of those contracts have a cancelation clause.

RECEIPTS FROM LEND-LEASE COUNTRIES

(See p. 160)

The CHAIRMAN. The Lend-Lease Act provides in section 6 that all moneys and all property converted into money received from lend-lease countries shall be deposited in the appropriation fund from which drawn. Have you had any instances of that sort; have any moneys been so received and so deposited?

Mr. Cox. Yes. We had a dramatic example last week of a check being received from General Giraud amounting to $15,000,000, that was turned over to us. It has been deposited in the Treasury to our credit under the particular category in which it belonged.

The CHAIRMAN. Do you expect any further instances of that character?

Mr. STETTINIUS. We do, sir.

Mr. WIGGLESWORTH. Would not that permit a reduction in this request?

Mr. Cox. Not very easily. Since you can't know the precise amount, you would not know to what extent there would be a reduction. If there should be any surplus there on the termination date, of course it would go back into the general funds of the Treasury.

Mr. WIGGLESWORTH. In 1943 or 1944?

Mr. Cox. Let us assume on the termination of the act, June 30, 1944, the Congress decided not to extend the act and there was left x million dollars at that time; that would have to go back to the Treasury.

Mr. WIGGLESWORTH. Is the $15,000,000 available for the fiscal year 1944, or will it revert to the Treasury at the end of this fiscal year?

Mr. Cox. No; it is available for the fiscal year 1944.

The CHAIRMAN. You might include at this point such information as you can give us on that.

Mr. STETTINIUS. We will.

(The information is as follows:)

Record of cash returned or to be returned to lend-lease appropriations under Sec. 6 (b) of the act of Mar. 11, 1941, as of May 10, 1943

China	[1] $204.00
French Government in North Africa	[2] 15,000,000.00
Greece	[1] 175.00
Iceland	[3] 200,240.70
Russia	[1] 61,787.79
United Kingdom	[4] 1,903,920.26
Yugoslavia	[3] 63,376.50
Total	17,229,704.25

[1] Funds received from the sale of salvaged goods.
[2] Payment on account on the amount due for American civilian goods delivered to the French authorities in North Africa by the N. A. E. B.
[3] Funds received under sec. 3 of the Lend-Lease Act.
[4] $786,430.52 received from the sale of salvaged goods and $1,117,489.74 received under sec. 3 of the Lend-Lease Act.

NOTE.—Receipt of these funds will not reduce the amount required by lend-lease during the next 14 months.

TOTAL APPROPRIATIONS AND TRANSFERS OF MILITARY ARTICLES FOR LEND-LEASE PURPOSES

The CHAIRMAN. Your direct appropriation for lend-lease, that is, funds for allocation by the President, aggregate $18,410,000,000?

Mr. STETTINIUS. That is right, sir.

The CHAIRMAN. In addition to those sums, the Army and the Navy are authorized to transfer military articles up to a total not to exceed $35,970,000,000?

Mr. STETTINIUS. That is right, sir.

The CHAIRMAN. Of which $3,000,000,000 relates to the Navy, $32,170,000,000 relates to the Army, and $800,000,000 to all other agencies. That is the amount in value of articles, under the appropriations made heretofore that could be transferred. That makes a grand total of $54,380,000,000.

In addition to that, of course, there are vessels of the Army, the Navy, and the Maritime Commission constructed under certain appropriations which may be leased, the title to be retained in the United States?

Mr. STETTINIUS. That is right.

The CHAIRMAN. It would be difficult, I suppose, to make any valuation in dollars and make a translation into the definite cost, but the figure for lend-lease up to this time stands at $54,380,000,000, plus whatever use of vessels is lend-leased?

Mr. STETTINIUS. That is right, sir.

The CHAIRMAN. Now, what is the amount of Army and Navy funds that have been obligated thus far? We have a report here, I believe, which shows that as $1,200,000,000.

Mr. STETTINIUS. That is the amount transferred. We do not know the figure of what was obligated, because when the War Department makes a contract for tanks, it is impossible to forecast what percentage of those tanks will be transferred to the United Nations and what percent will be retained by our own services.

REASON FOR DELAY IN EFFECTING TRANSFERS OF ARMY AND NAVY MATERIAL

The CHAIRMAN. Now, Mr. Stettinius, here is what we want to get at. There was available for transfer by the Army and the Navy $36,000,000,000. They could have transferred $36,000,000,000, worth of finished equipment. As a matter of fact, they only transferred $1,200,000,000.

Mr. STETTINIUS. That is right, sir.

The CHAIRMAN. That is a very small amount. Why have they not transferred more?

Mr. STETTINIUS. I think it is important to realize that many of the finished planes and finished guns and finished tanks that have been supplied to the United Nations were financed out of the $18,400,000,000. So it is not only just this $1,200,000,000 you refer to. There are many, many millions——

The CHAIRMAN. The $1,200,000,000 is all that has been transferred in this specific way, by the Army and Navy?

Mr. STETTINIUS. From the appropriations made directly to the Army and Navy.

The CHAIRMAN. Why have they been so slow about that matter, when there was great need upon every front upon the part of our allies for finished war materials which they could supply?

Mr. COX. In the first place, the orders which were placed under lend-lease started the machinery toward the production of common weapons; that is, weapons which could be used by our forces as well as by any of the United Nations forces. As it became apparent that our war program had to be expanded, more and more emphasis was placed on the attainment of as high a degree of standardization as possible. With standardization it was decided that there should be centralization in procurement in order to make possible the maximum flexibility in sending the finished munitions wherever they should go in order to do the most harm to the enemy.

Now, with the 35 billion of authorizations you have mentioned for the Army and the Navy the Munitions Assignment Board, acting pursuant to the guidance of the Combined Chiefs of Staff, decides where the munitions are to go in order for them to do the most good. They allocate munitions which have been under order for lend-lease, as well as for the Army and Navy.

I think the principal reason, on the particular point you mention, why so little has been transferred to the United Nations out of the maximum amount that could be transferred is, firstly, that Pearl Harbor came along; secondly, the size of our forces expanded and, thirdly, more of our own forces have gone to the battle fronts. Out of the current American production the major share has gone to the armed forces of the United States as against lend-lease countries. Some of the munitions that were used by our own forces in the earlier stages had been ordered for lend-lease purposes. The books do not reflect this. They just show an order for X number of .45-caliber machine guns. Some may have been ordered for lend-lease countries, some ordered pursuant to British contracts, or Russion contracts, or United States Army orders. The guns themselves all look alike, and the Combined Munitions Assignment Board, acting under the Combined Chiefs of Staff, makes the allocation in accordance with what the strategic picture is. The guns move from the factory

to the forces that will use them in accordance with this strategic decision. And only when a transfer has been made to a lend-lease country, does Lend-Lease record the quantity transferred and the dollar value of the transfer.

The major reason why so little has been transferred has been the absorbing need of the American armed forces for the fighting weapons of the war in the light of the strategy and course of the war.

The CHAIRMAN. As production proceeds and larger amounts are transferred by the Army and the Navy, the more funds you will have available for other lend-lease purposes?

Mr. COX. No; for this reason: In none of the appropriations since the second lend-lease appropriation direct to the President has there been any request for funds for the kind of items which the Army, the Navy, and the Maritime Commission procure, so that there is absolutely no duplication there. And if the Army and Navy should transfer more, it would affect only finished munitions and would not affect the amount of raw materials, industrial commodities, or food that can be procured and transferred under the appropriations to the President.

The CHAIRMAN. Is there any objection to our including page No. 1 of this confidential print? If we could do that, that would be of material help.

Mr. STETTINIUS. I would question that. It is a 14-month forecast, and I would question telling the enemy how much lead, aluminum, copper, and steel we were planning to send to Russia, for instance.

The CHAIRMAN. You think that information might be of service to the enemy?

Mr. STETTINIUS. I should think so.

The CHAIRMAN. Of course, we do not want to include it, if that is true.

Mr. STETTINIUS. I think the military authorities would object strenuously to including the schedule of shipments of those materials for next year.

Mr. COX. The first, second, and next to last columns, excluding the break-down could be supplied without giving aid to the enemy.

Mr. STETTINIUS. We would be glad to do that.

The CHAIRMAN. Give us that much, then.

Mr. STETTINIUS. We will prepare a statement for the record on that.

(The matter referred to may be found on p. 23.)

LEND-LEASE AID TO CHINA

The CHAIRMAN. There is one figure in here that, to me, is very significant, at the same time, I trust it is not significant.

As you know, there is a deep feeling, I think, throughout the United States, that we want to do all we can to help China. There is a great admiration for the fight she has made, with her back to the wall.

Mr. STETTINIUS. Yes.

The CHAIRMAN. And still your allocation here is only * * *.

Mr. STETTINIUS. Yes. Mr. Chairman, we reviewed the Chinese situation at great length, in our hearings before the Foreign Affairs Committee. I should like to make a statement at this time on the China situation.

First of all, of course, it is realized that before Rangoon fell we were in a position to aid China through the Burma Road. When Burma was taken and that entrance was closed, the only means of getting materials into China was by air, operating out of India. Now, we have done everything in our power to continue our aid to China, but there has been the limiting factor of air facilities, fields, and so forth.

In making up this budget, we have provided for * * * of items. We feel this is reasonably conservative, taking into account the present prospects.

I should like to prepare a special statement on the China situation and put it in the record, so that you gentlemen will have it available.

The CHAIRMAN. We would be glad to have you do that.

Mr. WOODRUM. That is going to be very vital to us in the consideration of this bill, not only in the House, but in the press, because there is a strong feeling in the country, as the chairman says, that they would like to have as strong assurance as we can make that, if and when the transportation facilities will permit, stuff will go in there in as large quantities as you can send.

Mr. STETTINIUS. We will prepare a very short, strong, and as pointed a statement on this whole China situation as we can and place it in the record for you.

The CHAIRMAN. Now, you have a wide leeway, Mr. Stettinius as to the transfer of funds between categories.

Mr. STETTINIUS. We are asking for that privilege.

The CHAIRMAN. And apparently it is to be granted, and with the resource in back of you in category No. 9, which is $377,000,000——

Mr. WOODRUM. One of the members of Mr. Stettinius' staff wishes to make a statement.

Mr. ORCHARD. On the China question, I would like to call your attention to the fact that the big thing in China now and in future months is finished munitions, and the very limited supply of transportation must be used for that. The sum we are asking, of course, does not include any amount for that purpose; that will be taken care of by the War Department. This is simply material which we can send in, which is a very small percentage.

Mr. WOODRUM. I think that ought to be in your statement.

Mr. STETTINIUS. It will be supplemental to the military items.

The CHAIRMAN. What we would like to have you give us is as strong assurance as you can, with the latitude you have in transfer from one category to another, and with this category No. 9 uncommitted, that as soon as opportunity permits, as soon as the situation permits, you will make every effort to provide the largest amount of help to China possible. And, if more is needed, then you will give Congress an opportunity to supply it.

Mr. STETTINIUS. We will, sir.

(The statement referred to is as follows:)

LEND-LEASE AID TO CHINA

We are requesting only * * * for China. This appears to be a relatively small amount for an important war theater. It does not, however, reflect the full extent of lend-lease aid scheduled for China during the coming months. China's greatest need is for finished ordnance and ammunition and

other combat equipment such as is provided from funds appropriated to the War Department. Effective use of the limited transportation facilities available for the delivery of goods to China requires the assignment of transport priority to finished munitions. Such items constitute the major part of the program for the China theater during the coming fiscal year.

In arriving at the final request for funds for China under the present appropriation, the Lend-Lease Administration first made a careful study of all the means of transportation into China that are likely to be available during the fiscal year 1943–44 and the months immediately following and estimated the total tonnage of all types of material that could be transported. The program under the lend-lease appropriation was then adjusted to the balance of transport capacity remaining after allowance had been made for the transportation of the tonnage of finished munitions to be supplied by the War Department.

If there should be an increase beyond our present expectations in the capacity of transport facilities into China, this possibility is one of those upon which is based our request for the contingency fund of $377,000,000 in category 9.

We intend to give China as much aid as can possibly be sent to her.

INADEQUACY OF PRESENT FUNDS FOR ADMINISTRATIVE EXPENSES

The CHAIRMAN. We understand, Mr. Stettinius, that the amount in category 10 for administrative expenses for all agencies will not be sufficient to meet the pay roll and other obligations after May 15?

Mr. STETTINIUS. That is right, sir.

The CHAIRMAN. Of course, you understand from what the situation is now that it cannot possibly come along in time to meet your May pay roll. What will be your requirements per month to cover all agencies?

Mr. STETTINIUS. Approximately a quarter million dollars to cover the administrative expenses of all the agencies past the 15th of May, or the 1st of June.

The CHAIRMAN. Well, if funds are available under category 9——

Mr. STETTINIUS. We would like the committee to ratify the use of funds from category 9 for administrative purposes for this interim period. I am advised that we have the legal authority to do this, but I wish to keep the committee fully informed and have its approval to do so.

The CHAIRMAN. With the understanding that, when funds are provided in category 10, it can be reimbursed?

Mr. STETTINIUS. That is right, sir.

RECEIPTS FROM LEND-LEASE COUNTRIES

(See p. 155)

Mr. WIGGLESWORTH. Are there any other funds that have come in, similar to those that came in from General Giraud?

Mr. COX. Canadian transactions are handled on a cash-reimbursement basis. That is, they pay in advance, or before completion, for the particular article, so that there is nothing in this budget, for example, for Canada.

There have also been some small cash receipts from Brazil and some of the South American countries. The total, I think, is $38,000,000 as of March 31, 1943.

Mr. STETTINIUS. That is right.

Mr. WIGGLESWORTH. Those funds are all——

Mr. COX. They are placed in special-deposit accounts, and they have been taken into consideration in the formulation of this budget.

Mr. WIGGLESWORTH. But the Giraud deposit is not?

Mr. COX. No; that came after.

Mr. WIGGLESWORTH. That is the only one that is not?

Mr. STETTINIUS. That is correct; that is the only one.

EFFECT OF LEND-LEASE PROGRAM UPON OPERATIONS IN NORTH AFRICA

Mr. SNYDER. Now, if you will, Mr. Stettinius, I want you to answer this one question for the record. I know the feeling of the military under this program, and do you feel that the promptness with which we were able to get food and clothing into north Africa after November 7 and get it distributed among the various groups, including civilians, and not only the whites, but the Arabs, had much to do with the establishing of a mutual feeling between the Allied Powers in taking over those countries and those who occupied the countries?

Mr. STETTINIUS. Unquestionably, Mr. Snyder. My belief is that it had a great influence in bringing about good will from the standpoint of the United Nations' cause, and is important to strengthening the contribution they can make to winning the war.

Mr. SNYDER. And do you think in the over-all picture, looking back a year from now, or 5 years from now, we can say this procedure of furnishing food and clothes saved the lives of hundreds and maybe thousands of boys on the battle front, that otherwise would have been sacrificed?

Mr. STETTINIUS. I agree entirely with your statement, Mr. Snyder, and I would like to add that for 3 or 4 weeks, after we started this operation in north Africa, the Axis radio plugged and plugged this whole question. After the President's statement that no one would go hungry in those liberated countries the Nazis kept hammering away over the radio that the United States would not keep its promises but would instead starve and loot the people of north Africa. The Nazis were very fearful of the effect that the President's promise would have on the other countries of Europe.

Mr. SNYDER. I quite agree with your summary there and from what I get from the military leaders who have come from Africa in the last 4 months, and I have talked to several of them, I am personally convinced, as they are, that the food we are furnishing and the clothes we are furnishing those people has been, and will be, the means of saving the lives of many of our soldiers, running into the thousands, that would otherwise have been lost if we had just attempted to go in there with bull Army force and force our way through, without trying to adjust the morale by means of furnishing food and clothing.

Mr. STETTINIUS. I am sure you are correct, Mr. Snyder, and all the evidence we have indicates that is a very accurate statement.

THURSDAY, MAY 6, 1943.

TREASURY DEPARTMENT

PROCUREMENT DIVISION

STATEMENT OF CLIFTON E. MACK, DIRECTOR OF PROCUREMENT, TREASURY DEPARTMENT

PURCHASE OF INDUSTRIAL ARTICLES FOR LEND-LEASE PROGRAM

The CHAIRMAN. Mr. Mack, you are the Chief of Procurement, Treasury Department?

Mr. MACK. Yes, sir.

The CHAIRMAN. As I understand, you have charge of purchases of industrial articles under two categories here; category 3 and category 7.

I suggest the members of the committe turn in this document to the appropriation request under exhibit D–2.

Mr. MACK. I would like to make this suggestion, Mr. Chairman, that the items which we are to buy and which you will want to ask me about are under exhibit D–2, as you pointed out, in the upper left corner of the large sheets before you appear the summaries by fiscal code on each category, as, for instance, fiscal codes Nos. 241–243 and 244. That is category No. 3.

The CHAIRMAN. I will say to the committee that those category numbers are to be found in this confidential document beginning on page 3; fiscal code No. 241, relating to trucks.

Mr. Mack, you purchase all these commodities listed here in the first category to the left and all in category No. 7, to the right of the page, at total of $3,217,335,989, with the exception of the petroleum products item——

Mr. MACK. And the medical supplies.

The CHAIRMAN. Of $752,000,000; and the civilian medical supplies, $98,000,000?

Mr. MACK. That is right, sir.

The CHAIRMAN. Eliminating those two, the amount remaining to be procured by the Treasury Department is $2,425,478,230.

Mr. MACK. That is right.

The CHAIRMAN. That is what you are asking for here?

Mr. MACK. That is right.

GENERAL STATEMENT

The CHAIRMAN. Have you a general statement you would like to make?

Mr. MACK. I have a very brief statement, Mr. Chairman.

The commodities to be purchased by the Treasury Procurement Division for the Lend-Lease Administration are in category 3 ($58,162,241) and category 7 ($2,367,315,989) and total $2,425,478,230, summarized as follows:

British Commonwealth of Nations	$1,227,052,071
Union of Soviet Socialist Republics	765,816,245
Republic of China	88,816,235
Other countries	343,793,679

The Procurement Division of the Treasury Department is the purchasing agency for the lend-lease program for a wide variety of commodities including steel, steel products, and nonferrous metals; industrial, agricultural, and road-building equipment; chemicals, such as sulfur, also industrial alcohol; likewise miscellaneous items ranging from paper products to veneers and lumber, also textiles and clothing.

TOTAL PURCHASES MADE UNDER LEND-LEASE PROGRAM

The total purchases made by the Procurement Division under the lend-lease program thus far amount to $2,166,449,480. In addition there are requisitions in process with the War Production Board and in the Procurement Division in various stages of procedure totaling $180,784,703.

For the calendar year 1941, or the first 9 months of the lend-lease program our purchases averaged about $38,000,000 a month.

At the outset they were very small, the first month amounting to approximately $1,400,000, the next month, $4,000,000 plus; and from then on they went up progressively.

The CHAIRMAN. And is that advance continuing?

Mr. MACK. Yes, sir.

Since then purchases were stepped up, the average for the 15 months ending March 31 being over 122½ million per month. Our highest month was in June 1942, when our contracts totaled $221,920,915. The average for the last 6 months has been almost 124,000,000. That average is, of course, predicated upon the volume of requisitions cleared to us for purchase and the volume varies depending upon the total money value of the requirements referred to the Procurement Division for purchase. That is, for example, in the case of steel, a few requisitions would mean a large sum of money, while requisitions for other commodities might be for small quantities resulting in the expenditure of considerably less in dollars.

PURCHASES THROUGH NEGOTIATION IN ACCORDANCE WITH DIRECTIVE OF W. P. B.

All lend-lease purchases by the Treasury Department Procurement Division are made in accordance with War Production Board Directive No. 2, as amended, issued under the First War Powers Act. In accordance with this directive all lend-lease purchases are made through negotiation rather than the competitive sealed bid procedure.

That requires, for instance, that business be spread; that we avoid labor congested areas; that we avoid the necessities for new facilities, new machinery and equipment; that we place orders for standard items with the smaller firms to the greatest extent possible, and to make it possible for the larger concerns with extensive technical engineering facilities to handle the more technical war requirements.

In the negotiation of contracts, directive No. 2 specifies that—

(i) Primary emphasis shall be upon securing deliveries or performance at the times required by the war program.

(ii) Subject to the considerations stated in subdivision (i) contracts shall be placed with concerns needing to acquire the least amounts of additional new machinery, equipment, or facilities for performance of the contracts.

(iii) Subject to the considerations stated in subdivisions (i) and (ii), it shall be the policy of all war-procurement departments and agencies to avoid contracting for the production of items or materials in communities or areas in which

acute labor shortages are known to exist whenever it is practical to procure the needed items or materials elsewhere. The War Manpower Commission shall be relied upon to certify to the war-procurement agencies, communities, and areas in which acute labor shortages exist to such a degree that the policy stated in this subdivision is applicable.

(iv) Subject to the considerations stated in subdivisions (i), (ii), and (iii), such contracts shall be placed so as to conserve, for the more difficult war-production problems, the resources of concerns best able, by reason of engineering, managerial, and physical resources, to handle them. Accordingly, contracts for items which involve relatively simple production problems shall be placed with concerns, normally the smaller ones, which are less able to handle the more difficult war-production problems.

(v) Subject to the considerations stated in subdivisions (i), (ii), (iii), and (iv), and also subject to the provisions of the production concentration programs, which have been or may in the future be instituted by the War Production Board, such contracts shall be placed so as to spread production among as many firms as is reasonable and feasible.

WAREHOUSE FACILITIES UTILIZED

Due to changed conditions in export shipping facilities it has been necessary to establish inland warehouses in strategic locations where lend-lease goods may be held for immediate transfer to ports of export as ships become available. Arrangements have been made with the War Department whereby approximately 2,200,000 square feet of space is furnished to this Division for storage purposes. In addition, existing facilities of the Transportation Corps of the War Department are being utilized at the several holding and reconsignment stations, and commercially operated warehouses are also being used when necessary.

LIAISON WITH VARIOUS WAR AGENCIES

Throughout the entire program close liaison has been maintained with the Office of Lend-Lease Administration, the War Production Board, Office of Price Administration, Office of Defense Transportation, and other agencies related to this program in order that their facilities may be utilized to the fullest in expediting purchases and conducting the Procurement Division activities on the most efficient basis.

PROCEDURE FOR PURCHASES THROUGH NEGOTIATION

The CHAIRMAN. Mr. Mack, what method do you follow in making these purchases? Do you advertise for bids? Do you purchase in the open market? What is your routine?

Mr. MACK. Basically, we negotiate purchases, but there is a wide variation as to the procedure used for negotiation. For example, we are guided very largely by the delivery requirements. If something has to be purchased in a great hurry, has to be delivered within a very short time, rather, we then confine our request for quotations to a few firms in order to get the materials started in production or off the shelves in order to meet the delivery date.

If we have sufficient time, we extend the quotations to as many people as we can within the time that is allowed.

The CHAIRMAN. Which method do you use more frequently?

Mr. MACK. I would say the latter, now. At the outset, we had to use the first method of looking to specific suppliers in order to meet short delivery dates. Now we are able—and we feel very happy about

it—to place orders on a rather widespread basis in order to carry out the purposes of the Nelson directive; that is, to spread the business to as many people as we can.

The CHAIRMAN. There have been no complaints, have there, as to your method of purchase?

Mr. MACK. There have been some, but I think they were minor; I do not think there were any serious complaints.

The CHAIRMAN. You tried to meet such complaints, did you?

Mr. MACK. I think we did. Again and again, there would be some requirement, for example, to meet a delivery date, and, of course, in war procurement, as Mr. Nelson has emphasized, that is the primary consideration—to meet the delivery date, to get the stuff when it is ordered, when it is wanted, and where it is wanted.

Occasionally some suppliers have felt that if we could have given them more time, they might have been able to participate in the order, but in such cases, we just did not have the time.

The CHAIRMAN. You endeavor to secure as wide a number of bids as possible?

Mr. MACK. Yes, sir; we do.

The CHAIRMAN. Where the time permits.

Mr. MACK. Yes, sir. As an illustration, apart from trying to spread orders or trying to place orders on as widespread a basis as possible, the allocation procedure helps to extend our sources of supply. For example, in the placement of steel orders, the War Production Board allocates the quantity of steel, it specifies the mill, and, as a rule, on any orders that are in any volume for steel, steel products, or nonferrous metals, for that matter, the industry is pretty well covered.

The CHAIRMAN. How long have you been making purchases? How long has the Treasury Department been making these purchases?

Mr. MACK. From the inception of the program.

The CHAIRMAN. And that is from what date?

Mr. MACK. We actually started the purchases during the month of April 1941.

INCREASE IN PRICES

The CHAIRMAN. Have prices during that period been largely standardized? Have prices been stable, or have you had a variation in prices quoted you?

Mr. MACK. The first year that we were buying under the lend-lease program, there was a general price increase. I think the standard index shows about 17 or 18 percent. Since that time, with the mechanism of price regulation——

The CHAIRMAN. The O. P. A.?

Mr. MACK. Yes, sir; it has been considerably reduced and, of course, as more control is exercised, the margin of fluctuation is less.

The CHAIRMAN. What has been the trend of prices in the last few months of your operation? Has it been up or down, or stationary?

Mr. MACK. For the most part it has been stationary. There have been unusual or exceptional items that do not represent a volume of business where there have been some slight increases, but for the most part they have been quite stable.

The CHAIRMAN. Do you anticipate that there will be little change in prices in the expenditure of the funds you are asking for here?

Mr. Mack. I think there would be little, if any, change; certainly on the commodities that are large in volume. As a matter of fact, we usually buy in pretty big quantities, under the lend-lease program. We have been able and should, of course, be able to buy within the price limitations to a substantial extent because of that volume. So we do not anticipate—at least I do not anticipate right now any difficulty by reason of price increases that will affect these Budget estimates.

EXTENT OF STORAGE OF LEND-LEASE PURCHASES

The Chairman. What proportion of your purchases are directly from the source to shipside and what percentage of your purchases have to be stored?

Mr. Mack. That has varied, of course, with the program. At the outset, at the very beginning of the program, the procedure was to ship immediately to ports as soon as goods were fabricated, ready for shipment, or standard goods were packed and ready for shipment. As the volume increased, it became necessary, in order to avoid congestion at ports or to relieve inland transportation facilities of unnecessary backhauls to move goods into reconsignment stations, those storehouses which back up the ports, within two or three hundred miles of the coast.

The Chairman. You say that the larger part of your storage facilities you get from the Army?

Mr. Mack. We get a substantial amount of space from the Army. We also use a lot of commercial storage space.

The Chairman. You do use some commercial storage?

Mr. Mack. Yes, sir.

The Chairman. You pay nothing for the Army storage facilities?

Mr. Mack. Not on the basis of the usual warehouse rate. The expense of the Army facilities in the first instance was, I think, shared by the Lend-Lease Administration. Perhaps one of these Lend-Lease gentlemen could tell you more about that. We do not pay them any storage rates.

COMMERCIAL STORAGE RATES

The Chairman. How do the rates that you pay for commercial storage compare with comparable accommodations available prior to the war?

Mr. Mack. When we use private warehouse space, our procedure is to have our field men right there on the ground to check up to find out if the prices which are quoted to us for space are consistent with the rates that are quoted by others in that vicinity and for similar type of space. If it is not right, we negotiate further and try to get it down.

The Chairman. You have not been compelled to pay exorbitant rates, then?

Mr. Mack. No, sir; I would say not—in some cases we have been quoted stiff rates, but we usually negotiate and get down to a basis consistent with the same or similar facilities for that area. Some areas are tighter than others, but we do check all warehouse storage rates through our field offices before we use the space.

RENEGOTIATION OF CONTRACTS

The CHAIRMAN. What is your experience as to renegotiations?

Mr. MACK. We are just starting in on it. Of course, all contracts since October of last year contain the renegotiation clause. We have a price adjustment board and we have done a great deal of preliminary work. As I say, we are just starting. We have requested from those suppliers who are subject to renegotiation, information as to their financial condition, earnings, and other data, and that is now being analyzed. I think very soon we will be in a position to renegotiate a number of contracts.

The CHAIRMAN. There was a very vigorous editorial, the leading editorial on the editorial page in yesterday morning's Wall Street Journal, which came in this morning, against the whole practice of renegotiation.

What cooperation do you get from the firms with whom you deal, when you take up the matter of renegotiation?

Mr. MACK. Our experience with industry has been very, very satisfactory—although there have been cases where there have been disagreements—and that goes straight across the board, whether it is procurement or asking them to make unusual deliveries, or discussing with them matters of cancelation, or information that we have asked for up to this point on renegotiation—they have been very cooperative. As a matter of fact, we have had some concerns that have gone out of their way to let us have more details than we have asked for. They have been very cooperative.

FREQUENCY OF PURCHASES

The CHAIRMAN. How often do you buy? Are you in a constant process of purchasing, or do you have a cycle where there is much purchasing and then a let-up, so that you are purchasing from time to time?

Mr. MACK. We buy, as you know, for a number of agencies. Lend-lease is our largest program. Our buying every day is in large volume. Our organization consists of a number of commodity groups. We have a group that buys metals; another group that buys electrical equipment and related supplies; another group that buys machinery and equipment; another group that buys paper and pulpwood; another one that buys hardware, and so forth. The volume is consistently high in documents. That is, we get every morning a substantial volume of documents. Some of those documents may be for substantial purchases and a few documents will frequently run into a lot of money. Then there may be a lot of small requisitions involving relatively little in dollars. But there is a constantly great volume of work always being processed through the procurement division.

AVERAGE LENGTH OF CONTRACTS

The CHAIRMAN. What is the average length of your contracts? They cover about what period? Of course, I suppose that varies, but generally speaking?

Mr. MACK. With the lend-lease program, the average time that it takes us to make a commitment from the time we receive an allocation

clearance from the War Production Board—and this is excepting unusual purchases—would be, I should say, in the neighborhood of 4 to 5 days; that is, from the time of the clearance to the time of commitment.

I want to explain that just a little bit. The Lend-Lease Administration sends us a copy of a requisition at the same time that they send a copy to the War Production Board. Thus we can do certain preliminary work such as locating sources of supply, checking specifications, and contacting manufacturers. When we then receive clearance from the War Production Board we are ready to pass on the quotations that we received, and finalize the transaction.

PURCHASE OF TRUCKS

The CHAIRMAN. Turning to page 3 of your confidential tabulation, code 241, on trucks, I notice that $ * * * worth of these trucks are for Australia; $ * * * are for China; and the remainder to other countries. That is a total of * * * units at a cost of $ * * *.

Mr. Stettinius, will you tell us something of the character of these trucks that you are sending; also with special reference to China? Are they intended for immediate use or are they to be held there in reserve? Apparently all you can use in China at this time are airplanes.

Mr. STETTINIUS. That is correct, sir. We will include information on the relationship of transportation to our budget in the statement that we are preparing for the record on China. But these trucks are vitally needed for interior transport, for China, to move the lend-lease cargoes for which we are asking you to appropriate here.

Actually, China has had a very disastrous experience as a result of break-downs. Much of her motor transport is either worn out or has been destroyed or is obsolete, and one of the first things we must do for China, as soon as it is possible to do it, and as soon as we can get them there, is to rehabilitate their motor transport system.

This item of * * * trucks comprises purely the commercial 2-ton variety of truck, and they are very urgently needed, so far as China is concerned.

PURCHASE OF OTHER AUTOMOTIVE VEHICLES

The CHAIRMAN. Your second item under Code 243 is other automotive vehicles, which is a comparatively small item, $1,585,925, and seems to be intended exclusively for the * * *.

Now, to what part of * * * are these to be sent, and for what specific purpose?

There are * * * units to go to Australia, I notice. But outside of those, these are all catalogued for * * *.

Mr. STETTINIUS. Are you referring to page 4, Mr. Chairman?

The CHAIRMAN. Page 4; yes.

Mr. STETTINIUS. Those are trucks for use in the war-production plants, warehouses, and dock facilities, in the handling of materials and supplies. Docks must be kept cleared, of course, for efficient handling. These have been very carefully examined, very carefully screened, and we are convinced they are essential in connection with the whole movement of goods in * * *.

It is a very small item, as you will note; tow trucks and trailers, * * *.

PURCHASE OF BICYCLES

The CHAIRMAN. What about bicycles? Is not that an unusual item?

Mr. STETTINIUS. No, sir. Bicycles for the Chinese Army is a very important item. It is one of the "must" items that the Chinese have presented to us.

The CHAIRMAN. Of course, they know their own needs.

Mr. STETTINIUS. Yes, sir. They have been discussing this bicycle item with us for 18 months, to my knowledge. Perhaps Dr. Orchard would comment further on that.

Mr. ORCHARD. Bicycles are used by the Ministry of Communications.

Mr. WIGGLESWORTH. That is almost $30 a bicycle.

Mr. MACK. $20 or $25 along in that vicinity.

The CHAIRMAN. That includes not only the original machine, but the spare parts and accessories.

Mr. ORCHARD. They are specially designed bicycles. They are military designed bicycles.

MISCELLANEOUS AUTOMOTIVE SUPPLIES

The CHAIRMAN. Your last item here under category 3, miscellaneous automotive supplies, spare parts, and so forth, page 5, code No. 244, is divided between China, Australia, the United Kingdom, the British Empire, and other countries. Is part of that included for the Fighting French in north Africa? What is the nature of the supplies that you buy under that item?

Mr. MACK. The spare parts are to provide for maintenance of vehicles not covered by the Army supply program.

The CHAIRMAN. That is the largest part of it, almost * * *.

Mr. MACK. Yes, sir. Those for Australia are for the repair and maintenance of military transportation.

In China, the parts are for the maintenance and repair of units used in the military and civil supply functions, and similar purposes.

AGRICULTURAL IMPLEMENTS

The CHAIRMAN. Turning to category 7, agricultural implements, you have a total of $16,000,000 of which * * * goes to the United Kingdom and * * * to other British Empire members, and * * * to other countries.

Just how were those odd figures determined? For example, why did you not make it $1,500,000 or $1,700,000? Why did you put in the odd amount of dollars?

Mr. MACK. These items were very carefully screened. There was, of course, clearance by the War Production Board as to the availability, and also a letter was written by the Secretary to Mr. Stettinius stating that the program is reasonable.

Those implements include all kinds and types of farm machinery, and they are, of course, for the primary purpose of increasing the production of food. The explanations vary as to what will go to the various countries.

The majority, of course, has to do with the United Kingdom and certain of the British Empire needs. Certainly, as to the United Kingdom, there is a proposed increase of acreage which will require substantial quantities of machinery.

The CHAIRMAN. And as in the previous item I see that the lion's share of it goes to spare parts.

Mr. MACK. Yes, sir.

BUILDING AND ROAD EQUIPMENT

The CHAIRMAN. Your building and road equipment is on pages 24, 25, and 26. I see that you ask for $23,768,800 of which $ * * * is for Russia, $ * * * for the United Kingdom, $ * * * for Australia, New Zealand, India, and $ * * * for other countries including French North Africa and Tunisia. Give us a brief statement on that.

Mr. MACK. That equipment and the supplies included in that category are for varied uses. For example, the crawler tractors and spare parts may be used for road building; they may be used for mining, and some of the smaller tractors may be used for drainage and the reclamation of land.

The earth moving equipment is quite an important item. It will be used for road construction, for leveling and making cuts, and for fills in the construction of airports.

The CHAIRMAN. All of this then necessarily is not provided for the construction of highways?

Mr. MACK. No, sir; it is for a number of varied purposes.

The Chairman. All of which are essential to the war effort?

Mr. MACK. Yes, sir.

ELECTRICAL EQUIPMENT

The CHAIRMAN. For electrical equipment, page 27, you ask for $185,489,937, of which approximately $ * * * is for Russia, and I believe that Mr. Stettinius explained that the other day in reference to the industrial production.

Fire-fighting equipment is on page 30, mainly for the * * * for fire hose, although some is for Australia. For the United Kingdom the total is $ * * *. Will you explain that briefly, please?

Mr. MACK. This equipment is to be used for the protection of war plants and for the use of the military services. As I recall it, the original request was far in excess of the totals shown here.

The CHAIRMAN. And none of this is for civilian service?

Mr. MACK. I would say that perhaps to some extent there may be some of this equipment used for civilian defense.

The CHAIRMAN. If it is available for that purpose, it is incidental.

Mr. MACK. For the most part it would be for war plants and strictly military needs.

RAILROAD EQUIPMENT

The CHAIRMAN. And the railroad equipment on page 31, $62,429,000, of which * * * is for Russia. Mr. Stettinius also explained that in the course of his testimony. Just tell us briefly about that Russian railroad equipment. What is the nature of that?

Mr. MACK. The requirements for the U. S. S. R. are for the development of the transportation system which is urgently needed and is directly for the war effort.

OTHER MACHINERY AND EQUIPMENT

The CHAIRMAN. Now, other machinery, equipment, materials and supplies on pages 32, 33, and 34, $153,376,000, which comprises all kinds of industrial machinery other than farm machinery. This does not include farm machinery?

Mr. MACK. No, sir.

The CHAIRMAN. That is included in the first item?

Mr. MACK. Yes, sir; on page 32.

The CHAIRMAN. $ * * * goes to Russia, $ * * * to the United Kingdom, $ * * * to the other parts of the British Empire, $ * * * to China and other countries, $ * * *.

How do you determine the need for this equipment? Has the need been ended? Have you made a very careful check to make certain of its definite relation to the war effort?

Mr. MACK. Each of these items has been very carefully gone into by the requirements group of lend-lease organization.

The CHAIRMAN. And they are all directly connected with the war effort?

Mr. MACK. Yes, sir. This, of course, covers a wide variety of requirements extending all the way from mining machinery to petroleum equipment.

The CHAIRMAN. Now, we will come to the largest single item.

PHOTOGRAPHIC AND MOTION PICTURE EQUIPMENT

Mr. WIGGLESWORTH. Right at this point I would like to ask a question. I notice in that item $7,769,270 for office machinery and equipment and there is an amount of $1,084,829 for photographic and motion-picture equipment. Also $4,566,368 for film and film base. Is all that strictly tied down to the war effort?

Mr. MACK. Yes, sir. The United Kingdom's requirements are for the replacement of machinery lost as the result of air attacks; replacement of old or worn-out machinery which cannot withstand the heavy usage of three shifts. The Australian-New Zealand requirements are primarily for munitions factories. In India, office machinery is needed for the Military Establishment, for Government offices, and for essential war industries.

IRON AND STEEL

The CHAIRMAN. Coming to the largest item in this category, iron and steel on page 35, I notice that there is a discrepancy there in your total at the bottom right-hand column. I notice that the $725,543,097 does not balance with the $713,255,097 in the upper left-hand corner of the page, and is larger by $12,288,000. How do you account for that?

Mr. MACK. You are right. There is a difference in the figures that I think I can explain.

Going back to this small blue book which is a summary of the figures, we have shown under this category 641 a total of $713,255,097.

Now, the two adjustments are these: Those first three items, carbon steel, alloy steel, and miscellaneous, total $725,543,097, which is the figure on the lower right-hand side of the page. Then there has been included in this top summary some items, or rather two items, one for the Russian railway program in the amount of * * *. That is shown in category 636 on page 31. Then the other figure is for the ferrochrome, and ferrosilicon, $6,342,000. That is shown here as made up of two figures, $3,780,000, which is found on page 43, Fiscal Code 648, and $2,562,000 under silicon products to the * * *. The total of those two figures comprises the $6,342,000. The only reason that they have been shown this way is to bring all the metal products together. In the figures that you have before you the net figure as shown in the summary is correct, $713,255,097.

Mr. RABAUT. You add one and you subtract the other?

Mr. MACK. Yes.

The CHAIRMAN. You give Russia * * * the United Kingdom * * *, other British Empire * * *, China * * *, and others, * * *. That is steel and iron. What is that for?

Mr. MACK. For a wide variety of purposes.

The CHAIRMAN. Is it all for war purposes?

Mr. MACK. Yes. In fact, all of these requirements are for needs directly related to the war.

The CHAIRMAN. And all contribute to the war effort?

Mr. MACK. Yes.

The CHAIRMAN. That is a very large amount. Give me a brief résumé.

Mr. MACK. This is an item that was gone over very, very carefully by the Iron and Steel Branch of the War Production Board. Before these final figures were prepared there was a very substantial reduction from the original figures submitted. Steel, and in fact most of the products shown on these sheets are controlled materials; that is, they are purchased against allocations and in order to get an allocation we must show a basis for a direct war need; therefore, all of these requirements are within that category. They are used, as I say, for a number of purposes—tanks, ships, and all the transportation and other facilities that have to do with the war need. Steel is used for thousands of purposes, and the requisitions coming through to us are for many different kinds and types and grades and qualities.

The CHAIRMAN. That is largely true of the following item of copper and brass?

Mr. MACK. These are very strictly controlled items.

COPPER AND BRASS

The CHAIRMAN. And for copper and brass you ask for $200,472,775, of which * * * is for Russia, * * * for China, and * * * for the United Kingdom. All of that is used just like the iron and steel, just for the war production program?

Mr. MACK. All of those nonferrous metals—copper, zinc, lead, aluminum—all of those are in exactly the same category.

The CHAIRMAN. They are used for munitions?

Mr. MACK. Yes.

(Discussion off the record.)

ALUMINUM

The CHAIRMAN. For aluminum, on page 38, the estimate is for $81,759,500, of which * * * is for Russia, * * * for the United Kingdom, and * * * for Australia. Again, Russia receives the larger part of the allocation. That is to be used, I take it, in airplane production, the aluminum.

Mr. MACK. Yes. From 65 to 70 percent goes into aircraft construction. The balance is used for ship construction, tank engines, and a number of other military purposes. I think on this type of item the Russian requirements run proportionately heavy.

The CHAIRMAN. Russia is producing a large amount of aircraft, I take it?

Mr. MACK. And all these other items that call for this type of material.

The CHAIRMAN. Apparently Australia is a producer of aircraft.

Mr. MACK. That is true.

The CHAIRMAN. Is that something recent, or has she been doing it for a long time?

Mr. MACK. Australia has been producing aircraft for some time, although not in large quantities. Since the beginning of the war in the Pacific there has been considerable expansion in her aircraft production.

ZINC

The CHAIRMAN. Your request for money for zinc, as indicated on page 39, is $18,505,100, and for lead, page 40, $1,067,100, all for Russia, Britain, and China, and I take it that is for the manufacture of munitions?

Mr. MACK. For Russia it is exclusively for munitions manufacture. The United Kingdom may specify the uses for the manufacture of other articles, but the end use will be for the most part munitions.

The CHAIRMAN. I see that we have a tabulation attached to the effect that the reduced British need for zinc arises partly from the reduced ammunition program for United Kingdom in line with redistribution of ammunition manufacture among the United Nations. Is that attached to yours?

Mr. MACK. No, sir.

OTHER METALS AND ALLOYS

The CHAIRMAN. Other metals and alloys, page 41, 42, and 43——

Mr. MACK. Those are used largely for processing steel and for the most part are strictly military items.

The CHAIRMAN. These are strategic materials used for munitions?

Mr. MACK. Yes, and for radio tubes, incandescent lamps. The silicon and the tungsten, of course, are alloy agents for steel processing. The same may be said for the ferrochrome; it is a hardening agent. Those are all required in the processing of steel and for related military uses.

NONMETALLIC MINERALS

The CHAIRMAN. You have here for nonmetallic minerals, page 44, $17,000,293. What do you mean by a nonmetallic mineral, Mr. Mack?

Mr. Mack. Those would be mostly abrasives used in making grinding wheels, honing stones, and that type of material. There is quite a need for abrasives in high-speed tool uses.

The Chairman. Exclusively abrasives?

Mr. Mack. Just about; yes. Abrasives, for the most part. There is an item of $1,500,998 for carbon and graphite products. These are used in the manufacture of tools, and to some extent in the processing of steel to be used in tanks, aircraft, and other military items.

The Chairman. They go exclusively to the war plants?

Mr. Mack. Yes.

The Chairman. They divide this about half and half between * * * and * * *?

Mr. Mack. Just about.

PHOSPHATE

The Chairman. And then the phosphate, $8,100,562.

Mr. Mack. The special rock phosphates are for making elemental phosphorus for incendiaries, matches, and industrial uses. The triple superphosphate for the United Kingdom is to be used as a fertilizer.

The Chairman. Would you term ammonium sulfate a phosphate?

Mr. Mack. I would not think so.

The Chairman. Phosphates and other fertilizers?

Mr. Mack. That is it.

The Chairman. There are pretty well distributed. I see that you are sending them to the United Kingdom, the Middle East, South Africa, Ceylon, and so forth. What is the need for supplying fertilizer in those quantities to a territory such as Ceylon or Africa?

Mr. Mack. It is my understanding that the ammonium sulfate for those countries is to be used in the production of sugar, rice, and increasing the production of rubber.

The Chairman. How are their requirements met normally?

Mr. Mack. We do a large export business in phosphates. In pre-war times it was quite a business. Now our production is going to war needs, a large part of it. The phosphate produced for export in this country, comes largely from Florida.

Mr. Stettinius. I think an important item that Mr. Mack did not know about is the fact that they have been moving these phosphates from north Africa to the United Kingdom, and it has been cut down really in the last 45 or 50 days.

Mr. Mack. Yes.

The Chairman. And this is the figure to which they have been reduced?

Mr. Stettinius. That is right, and that is what we are requesting at the present time.

The Chairman. The need for them is much larger than the amount provided here?

Mr. Stettinius. Much larger, and we have said before that the British have brought into production 6,000,000 acres of farm land never plowed before, much of which has been eroded as a result of the extremely heavy rainfall in that area.

The Chairman. I should think that land that had never been plowed before would not need fertilizer. It is only land that has been subject to erosion that requires fertilizer, at least in my part of the country.

OTHER CHEMICALS

Now, these other chemicals on pages 46, 47, and 48, $110,453,729, of which $ * * * goes to Russia, $ * * * to the United Kingdom, $ * * * to other British Empire, $ * * * to China, and $ * * * to other countries, which is largely Tunisia and Africa. What chemicals, for example, are we supplying to Tunisia and Africa?

Mr. MACK. The chemicals for Tunisia in the amount of $ * * * are included in the miscellaneous chemical requirements, and they are not specifically pointed out here. They include calcium carbide, bleaching powder, higher alcohols, plastics, solvents, flotation agents, tanning materials, food preservatives, rubber chemicals, and paint ingredients. The principal uses would be for explosives, shells, combat vehicles, military and essential clothing, insulating and heat-resisting products, and so forth. It comes within that general category. The greater part in terms of dollars is for ethyl alcohol, which has been used primarily in the manufacture of explosives.

The CHAIRMAN. They are for war purposes, are they?

Mr. MACK. Yes.

TEXTILES AND CLOTHING

The CHAIRMAN. Textiles and clothing, pages 50 and 51, $289,756,775, of which $ * * * is for the United Kingdom, $ * * * for other British Empire, $ * * * for China, and $ * * * for other countries, principally Africa, Tunisia, and other liberated areas.

Now, I take it for granted that these amounts for the United Kingdom and the British Empire are for military purposes, but Africa and other liberated areas could hardly be for military purposes. For what purpose are you providing textiles and clothing for the territory which has been cleared of the enemy?

Mr. MACK. I think that Mr. Stettinius explained that generally, but I would like to point this out. I think that this should be off the record.

(Discussion off the record.)

The CHAIRMAN. Of course, if that is advantageous investment of this money and you get results with it, I suppose it is warranted.

(Discussion off the record.)

Mr. STETTINIUS. I would like to have in the record somewhere that we are not shipping anything to liberated areas that is not a military or political necessity.

The CHAIRMAN. You may expand on that as you see fit anywhere in the record.

TIMBER PRODUCTS

The CHAIRMAN. Timber products, I see, on pages 52 and 53, is divided between woods and pulps and paper.

Woods is in the amount of $46,976,648, of which $ * * * is for the United Kingdom and $ * * * is for the British Empire.

Pulp and paper, $41,509,910, of which $ * * * is for the United Kingdom, $ * * * for other British Empire, and $ * * * for Africa.

Now, all of these are to be expended for war purposes in connection with the war program?

Mr. MACK. Yes; primarily for airplane construction and related military uses.

(Discussion off the record.)

ALL OTHER COMMODITIES

The CHAIRMAN. Now, all other commodities, pages 55, 56, 57, and 58, $319,503,000.

Now, there are rubber and rubber products, $245,000,000.

Small tools, approximately $17,000,000.

And then there is miscellaneous of approximately $57,000,000.

Tell us something about that rubber proposition.

Mr. MACK. Mr. Jeffers' office reviewed all rubber items and this is the result of a substantial downward adjustment. Now, these are for a number of purposes. Of course, all are for definite military or war transport use.

The CHAIRMAN. I see here that you have $162,000,000 for tires and tubes. Some go to Russia, some to the United Kingdom and some to China. These are for military vehicles, of course, these tires.

Mr. MACK. They are for replacement and for all essential uses.

The CHAIRMAN. What about civilian uses in Russia and Britain? What is the situation with respect to rubber?

Mr. MACK. I do not know.

Mr. STETTINIUS. Mr. Cannon, in Russia, sir, it is entirely military tires.

The CHAIRMAN. You are not concerned with civilian use at all?

Mr. STETTINIUS. Except possibly a few of these tires might find their way into the automobile of the air raid warden or the doctor, or an ambulance, but there are no automobiles, as you know. There is no gasoline rationing in England. An individual cannot even get a license to operate his car unless he appears before a board and is given permission to run an automobile, and then he is allowed a small quantity of gas by special permission, and these tires will be handled exactly the same way. Motoring in England absolutely does not exist to the civilian population.

The CHAIRMAN. This is a very substantial part of our output. This represents about 10 percent of the total output of the United States for 1943.

Mr. MACK. Yes. May I say something off the record?

(Discussion off the record.)

The CHAIRMAN. Out of the $245,000,000 for rubber about $ * * * is for synthetic rubber for Britain. Is that for the manufacture of tires?

Mr. MACK. That goes into gas masks and surgical equipment, and that kind of thing. They have urgent demands for that.

The CHAIRMAN. When do you expect to have it?

Mr. MACK. We have already had some synthetic rubber in small quantities.

The CHAIRMAN. Is that synthetic rubber being produced in England?

Mr. MACK. Not at all.

Mr. ORCHARD. On this budget the synthetic rubber included there will be for tires.

Mr. MACK. It will be?

Mr. ORCHARD. Yes, it will be for military tires.

The CHAIRMAN. Mr. Mack, you say that no synthetic rubber is being produced in Britain?

Mr. MACK. I think that is what Mr. Stettinius has said.

The CHAIRMAN. Under the miscellaneous items for French North Africa of $ * * * , there is an item for metal fabricated products. What are those products and what are their uses?

Mr. MACK. Those are semifinished products, such as wire, tubing—metal products that are not capable of manufacture there. They are to maintain public-utility service, communication systems, the mining of ores, and so on.

The CHAIRMAN. Are there any further questions of Mr. Mack?

Mr. WIGGLESWORTH. I have just two or three questions.

Mr. Mack, the over-all total you are responsible for under this request, as I understand, amounts to about $2,500,000,000; is that right?

Mr. MACK. Yes; $2,425,000,000 and odd.

RATE OF PURCHASES FOR LEND-LEASE PURPOSES

Mr. WIGGLESWORTH. You told us, if I understood you, your rate of purchases in the last 6 months had been about $124,000,000 a month?

Mr. MACK. Yes.

Mr. WIGGLESWORTH. At that rate, you won't begin to purchase the total you have here, will you?

Mr. MACK. The total of $2,425,000,000 extended over 14 months. That figures slightly under $175,000,000, so that there would be an increase over the purchases which are now being made.

Mr. WIGGLESWORTH. Of 40 percent?

Mr. MACK. Yes, sir.

Mr. WIGGLESWORTH. You figure that you can and will make that increase?

Mr. MACK. Yes, sir, we do. We have, of course, had varying totals. Our highest month, I think, was in June of last year, when we had about $220,000,000. We can do it if we get the requisitions.

COMMODITIES IN STORAGE AWAITING TRANSFER

Mr. WIGGLESWORTH. How much, if any, of this material do you have on hand now?

Mr. MACK. I will have to give you the figure right now in tons. We have in the neighborhood of about 900,000 tons in storage. That is for all requirements and, of course, for the most part is metals.

Mr. WIGGLESWORTH. Is that 900,000 tons all available for lend-lease purposes?

Mr. MACK. Yes, sir.

Mr. WIGGLESWORTH. And should that be deducted against the two billion, five?

Mr. MACK. It has been.

Mr. WIGGLESWORTH. It is already?

Mr. MACK. Yes, sir. It has been.

Mr. WIGGLESWORTH. Is it included in the two billion, five?

Mr. MACK. It is not included.

Mr. WIGGLESWORTH. In other words, you are going to purchase two billion, five over and above the 900,000 you now have on hand?

Mr. MACK. That is right, sir.

Mr. WIGGLESWORTH. When you revise your remarks, will you convert that 900,000 tons to a dollar basis?

Mr. MACK. Yes; we will be glad to do that. It will be an estimate.

Mr. WIGGLESWORTH. That is all right.

(The information is as follows:)

Commodities in storage awaiting transfer to foreign governments, as of Mar. 31, 1943

General commodity description	Quantity held awaiting shipment (short tons)	Value [1]
Automotive supplies	10,947	$4,761,945
Small tools	1,177	1,131,097
Agricultural implements	1,328	302,784
Electrical equipment	11,115	3,334,500
Other machinery and miscellaneous equipment	31,448	25,913,152
Iron and steel	754,393	48,800,924
Copper and brass	42,303	10,575,750
Aluminum	3,331	2,185,136
Other metals and alloys	272	312,200
Nonmetallic minerals	1,740	388,020
Phosphates	8,888	43,551
Chemicals	7,528	2,329,916
Petroleum and coal products	5,195	258,582
Textiles and clothing	2,959	3,550,800
Timber products	65,925	5,312,498
Tires and tubes	18,303	18,244,430
Miscellaneous commodities	4,538	1,724,440
Total	971,390	129,169,725

[1] Several thousand items are involved in this tabulation. Necessarily, therefore, average prices are used in calculating values.

Mr. WIGGLESWORTH. What about the price angle of your problem?

Mr. MACK. All of our purchases are made within the O. P. A. price limitations.

Mr. WIGGLESWORTH. In other words, assuming those limitations stand, you can be assured of purchasing all of the commodities for which you are responsible within the $2,500,000,000 figure?

Mr. MACK. Yes, sir; we have used estimated figures in arriving at these extended amounts.

Mr. WIGGLESWORTH. And is it possible that figure will be cut by competitive bidding, or is that pretty much a firm figure?

Mr. MACK. I think the figures shown here are reasonable estimates; that, if we buy the total amounts that are indicated as requirements, we ought to come out about even. There should not be any material difference one way or the other, due to the prices.

REASON FOR INCREASE FOR PERSONAL SERVICES FOR LEND-LEASE PROCUREMENT

Mr. WIGGLESWORTH. In the Budget estimate, there is a break-down of your administrative set-up for this work. I take it the personnel included there is all for lend-lease work and no other?

Mr. MACK. That is right, sir.

Mr. WIGGLESWORTH. It shows personnel in the department of 1292 man years as compared with 1073 man years for the present fiscal

year, or an increase, say, of 20 percent. It shows an increase in the field from 761 man years in the current fiscal year to 1295 in the fiscal year 1944, or an increase of around 90 percent in your force.

It shows an increase in your other obligations from $828,700 to $1,212,000, or an increase of 50 percent.

Mr. MACK. That is right.

Mr. WIGGLESWORTH. What is the reason for that very substantial increase all along the line in administrative expenditures?

Mr. MACK. There are several reasons. Our administrative expense is the expense of making these lend-lease purchases—inspection, warehousing, and all that—and has progressively increased and will increase with this program rather substantially.

Mr. WIGGLESWORTH. How big a program will you handle in dollars and cents, in the present fiscal year?

Mr. MACK. In the present fiscal year, it would probably run about a billion and a half.

Mr. WIGGLESWORTH. It will run a billion and a half for the present fiscal year as compared with two and a half billion for the next fiscal year?

Mr. MACK. For the next 14 months.

Mr. WIGGLESWORTH. Compared with 2 billion?

Mr. MACK. With about a billion and a half. That is an estimated figure, that bililon and a half dollar figure, as against our estimate here of over $2,400,000,000 for 14 months.

Mr. TABER. Well, the total for lend-lease is going to be down compared on the basis of this estimate, because we have been shipping something like eight or nine hundred million dollars' worth in the last month, and the average obligations over this 14-month period are only six hundred million.

Mr. MACK. I am speaking in terms of the Treasury Procurement Division program, Mr. Taber. The additional purchases we will make under this program will run about one hundred and seventy-three or one hundred and seventy-four million dollars a month, and that will be a substantial increase over what we are doing now on the items we are buying. That is due primarily to the increase in the Russian program.

Mr. TABER. But your suggested increase in personnel is approximately 50 percent, is it not, as against about a two-fifths increase in the other?

Mr. WIGGLESWORTH. It is 2,500 as compared with 1,700.

Mr. TABER. That is a 50-percent increase and that is a good deal bigger percentage of increase in help than the dollar volume is.

Mr. MACK. The particular reasons for the increase in personnel are these: When this lend-lease program started, our job was to make commitments, to make purchases. We did that. Then, as production came along, it was necessary to establish a field organization to the extent that was required. Then as the volume of goods turned out and shipping and inspection and warehousing increased, we of course had to meet those needs.

Under this program, we are going to need this increase in personnel in order to do this additional, for the most part, field work. And it has come about in this fashion: We are having a greater number now of what might be called special programs. For example,

we found that the system that was all right at the beginning, in the procurement of lumber, required comparatively few people. Now we have to assign inspectors and expediters to go right out to the mills, that is, out to the west coast and down South, wherever lumber is being bought. So that it takes many more men and will take many more under this program.

We find so few of our suppliers have done any export business, that we have to detail more men to provide not only for the inspection of goods, but to check the marking and packing; and, as the goods go into the warehouses, we have to recheck.

Mr. TABER. Have you contacted the Agricultural Department on this lumber business, where they have had experience in that sort of thing, and gotten what help you could from them?

Mr. MACK. We have been in close touch with the Forestry Service and they have some men on detail with the War Production Board.

Mr. TABER. Why do not you get them to handle it? How much lumber is there in this thing for you to buy?

Mr. MACK. There are hundreds of millions of feet of plywood, lumber of aircraft grades, and so forth—substantial quantities.

Mr. TABER. It seems like if you had a competent set-up, you ought to be able to get lumber rather easily—if you had an outfit that knew how to buy lumber.

Mr. MACK. Well, we do.

Mr. TABER. And it ought not to be so expensive.

Mr. MACK. That is only one factor. The standard grades of lumber are one thing. We are buying a very large proportion of aircraft grades of lumber, which means that is a proposition of selectivity of lumber that comes from spruce and fir.

Mr. TABER. Yes; but a good lumberman knows how to buy such stuff.

Mr. MACK. That is true. Nevertheless, we have found in order to get deliveries that had to be met and in order to do this job, we will actually need men to go out in the field, to go into these mills and inspect the stuff as it comes out.

Now, we have had a number of unusual operations, and we have had more of these progressively. For example, we had to purchase some * * * million railroad ties for the United Kingdom, that were to go to the Middle East. We were advised that the material would be diverted to our own Army, which meant that we had to assign a group of men to count, check, and examine each one of those ties again, because of the transfer. We find there are special jobs such as a power plant job, which calls for the assigning of certain men to follow up each of the purchases having to do with the power plant, so that the various component parts come in to meet the deliveries, so that the construction can go forward as the shipments are made to the other side. We have run into a lot of that kind of work that has stepped up our need for people.

In warehousing, we find progressively we have had to use warehousing more and more extensively and we have to take material away from the suppliers when it is turned out, to be available for shipping. We have now perhaps in the neighborhood of probably 150 or 175 locations to handle materials that are coming out from plants all over the country.

We have been asked to maintain very close inventory controls so that any new requisitions coming through will not be for materials already in stock. And in order to do that detail job, it calls for help.

I think all along, if anything, we have probably figured a little bit too close on our requirements, but we have reached the point, in order to do the right kind of inspection job, warehousing job and shipping, that we do need a substantial increase in personnel, such as we have outlined here.

NUMBER OF ADDITIONAL PERSONNEL REQUESTED

Mr. STETTINIUS. May I say I think it would be a help if Mr. Mack said exactly the number of employees he has now, and the future forecast, because I think the figures in the green sheet are a little misleading on that point.

Mr. MACK. They are.

Mr. TABER. How many do you have now?

Mr. MACK. This morning, after you asked for certain information, we had our people start to develop information along the lines you requested, that is, the number of personnel, and so on. If that is satisfactory, we will give it to you in the detail that is now being produced, or can give you the round figures now.

Mr. TABER. Suppose you give us the round figures now, in addition to doing the other.

Mr. MACK. In category No. 10 we have 676 people on the rolls. That is an increase over the figures you have before you.

Mr. WIGGLESWORTH. Is that departmental?

Mr. MACK. That is departmental. We are asking for 25 more—18 in the Finance Division and 7 in the Administrative Division.

In category No. 7, departmental, we have 584 on the rolls, and we are asking for 50 additional. These employees have to do with transportation, warehousing, and inspection.

In the field, category No. 7, we have 1,482 people on the rolls, and we are asking for 334 additional. These have to do, of course, with the inspection and expediting in the field.

Mr. TABER. How many did you say you had—1,400?

Mr. MACK. One thousand four hundred and eighty-two. I should have said 898, and that we are asking for 284 additional, rather than 334 additional.

In category 9 we have on the rolls now 114.

Mr. WIGGLESWORTH. Is that field?

Mr. MACK. This is in the field. We have 114, and we are asking for 47 additional, which gives a total people now on the rolls of 2,272, and we are asking for 406 additional.

Mr. WIGGLESWORTH. I do not understand where you get all those 2,272 people, if you are only authorized to have about 1,700 or 1,800.

Mr. MACK. The figures you have used, Mr. Wigglesworth, 1,700 or 1,800, refer to man-years, while the 2,272 figure you have used represents actual employees on the job, some of whom were not in their positions a full year. In explanation of the dollar figure, you will notice on the last page of the sheet which you have the total estimated for 1944 is $6,879,400. Then there is a deduction of $5,410,000. That deduction of $5,410,000 covers these two categories, 7 and 9, that I have just mentioned. That results in a difference of $1,469,400, and

there is $120,600 required for the balance of this fiscal year, which makes $1,590,000.

Mr. WIGGLESWORTH. What personnel did Congress authorize for this purpose?

Mr. JURAN. If I may answer that, there has been no specific authority for the number of personnel heretofore. There has been a given amount of money appropriated for administrative expenses.

Mr. WIGGLESWORTH. Have you kept within that amount?

Mr. JURAN. Yes, sir.

Mr. TABER. When did you go before the Budget on this matter, a couple of weeks ago?

Mr. MACK. About 3 weeks ago.

Mr. TABER. They got the figures as of the date you were before them. According to that, you have put on six or seven hundred people in the past 2 or 3 weeks. Those figures show 1,500. That Budget estimate was made up just recently—April 21, or about 2 weeks ago. It shows an increase of 700, or better than 50 percent.

Mr. JURAN. May I answer that, because that seems to apply generally throughout the entire Budget? The Budget figures in the green sheets are set up on a man-year basis. They do not reflect the number of people on the roll at the present time. They reflect the number of man-years. If, for example, at the beginning of the fiscal year, there were no people at all and at the end of the fiscal year there were 1,000 people, and they were put on at a uniform rate during the fiscal year, the total man-years would be 500, and 500 is what would appear in this estimate for 1943, when, in fact, the number of people at the end of the year would be 1,000.

In any situation where you have a rising number of personnel, which you have had throughout the lend-lease program so far, the average for the year necessarily will be well below what the figure is at the end of the year. That is present throughout all of these agencies.

EFFECT OF 48-HOUR-WEEK LAW

Mr. TABER. With the 48-hour-week law, giving you 25 percent more manpower, it does look as though you are crowding us.

Mr. MACK. Along the lines of what Mr. Juran had to say, for example, we have a table here of our administrative expenses by months, and our purchases by months. We put on people as we need them. For instance, take it a year ago March; our administrative expense was $156,000; in April, $186,000; in May, $243,000; in June, $244,000; in July, $323,000; in August and September, $300,000; in October, $316,000; in November, $325,000; in December, $344,000; in January, 1943, $366,000; in February, $451,000; in March, $460,000.

So it has been progressive. Therefore, in terms of man-years it would be an average of the personnel for the entire year.

Mr. ORCHARD. May I say this with reference to the 48-hour week, that it has made no difference in our hours. We were already working more overtime than that, as much as we could possibly squeeze into a 24-hour day and we still are. That has not changed our situation a bit.

Mr. TABER. It has not helped you a bit?

Mr. ORCHARD. That is right.

THURSDAY, MAY 6, 1943.

PETROLEUM ADMINISTRATION FOR WAR

STATEMENT OF JAMES TERRY DUCE, FOREIGN DIVISION, PETROLEUM ADMINISTRATION FOR WAR

PETROLEUM PRODUCTS FOR LEND-LEASE PROGRAM

The CHAIRMAN. We will take up the items for petroleum products. That is to be found in category 7, and the amount indicated there is $752,020,000.

Mr. DUCE. Yes, sir.

The CHAIRMAN. Of that, $ * * * is for Russia; $ * * * is for the United Kingdom; $ * * * for other parts of the British Empire; $ * * * for China; and $ * * * for Africa. According to the tabulation you have given us here, that is mainly for aviation gasoline, motor gasoline, Diesel and fuel oils, lubricating oils, and greases.

How have the combined needs of all these countries been determined? I take it for granted that you have combined the sources of supply; you have pooled all of your supplies and then determined how much of it we should provide?

Mr. DUCE. Yes, sir. These requirements are submitted to Lend-Lease by respective countries eligible for lend-lease aid. The lend-lease people bring them over to the Petroleum Administration for War, and we discuss it with them as to the changes we consider necessary to be made in those requirements, and they are submitted as such.

The CHAIRMAN. All of this goes directly for military purposes?

Mr. DUCE. Yes, sir; or for uses directly connected with the war program.

(Discussion off the record.)

EFFECT OF MEDITERRANEAN OPERATIONS UPON SHIPPING OF PETROLEUM PRODUCTS

The CHAIRMAN. Will our conquest of the Mediterranean territory materially change the shipping situation for petroleum?

Mr. DUCE. It will not at first. The reason for that is that the refineries in the eastern Mediterranean—Haifa and at Suez, and in the Persian Gulf—are running to capacity now, and it is probable that we will have to install additional refining capacity in the Persian Gulf a little later on, in view of the requirements which we will probably have in the Far East.

STORAGE FACILITIES IN GREAT BRITAIN

The CHAIRMAN. What about storage facilities: are they adequate?

Mr. DUCE. In Great Britain?

The CHAIRMAN. Yes.

Mr. DUCE. Yes; I believe they are at the present time. They have had a remarkably good record, as far as the destruction of storage

facilities is concerned. The British have bricked up their tanks and have built a lot of underground storage, and bombing has not proved exceptionally destructive to their storage. We had an example not long ago of a bomb dropping through a tank of 100-octane gasoline, going through the tank, and exploding, but the tank did not catch fire and quite a bit of the gasoline was salvaged. Of course, it could not be used for airplane purposes, but it was usable in motors.

The CHAIRMAN. Is England doing any refining?

Mr. DUCE. Yes; they are.

(Discussion off the record.)

ETHYL FLUID

The CHAIRMAN. Your ethyl fluid item here is a comparatively small one, $7,430,000. Apparently that goes exclusively to * * * and a very small part of it to * * *. Most of it goes to * * *. What is that used for?

Mr. DUCE. Well, they ship clear gasoline there, say, 67-octane gasoline, and then they add ethyl fluid to increase the octane rating. They also use it to increase the octane rating in aviation gasoline.

The CHAIRMAN. That cannot be secured locally?

Mr. DUCE. No, sir. A small amount is made in England, hardly enough, but other areas are completely dependent upon the United States.

OTHER PETROLEUM PRODUCTS

The CHAIRMAN. What are these other petroleum products that you are providing $41,000,000 for?

Mr. DUCE. Such things as wax, asphalt, and these various additives.

The CHAIRMAN. All to be used in the war?

Mr. DUCE. A large amount of this goes to Russia.

(Discussion off the record.)

Mr. DUCE. Aviation gasoline is very expensive and you have aviation lubricating oils that are expensive, and then the special additives.

NUMBER OF BARRELS OF OIL USED AS BASIS FOR ESTIMATES

Mr. WIGGLESWORTH. This $162,000,000 is, of course, over and above the needs of our own Army and our own Navy?

Mr. DUCE. Over and above the needs of our own Navy, but a lot of material is in here supplied to our Army and Navy on reciprocal lend-lease. For instance, it goes out to Australia and these other parts of the world, and there it is used by the American forces. For instance, this aviation gasoline. There is no segregation in Great Britain, and the American forces in Great Britain use gasoline included in the estimate.

Mr. WIGGLESWORTH. You cannot say how much is used by our forces and applied to us?

Mr. DUCE. We could not even guess, because it depends upon the fortunes of war.

Mr. WIGGLESWORTH. You do know that over and above this there is an enormous demand by our Army and Navy?

Mr. DUCE. That is right and, there is in addition to this being supplied the oil that comes from sterling sources.

Mr. WIGGLESWORTH. Your opinion, the total number of barrels shown in the secret document, can be supplied in addition to the foreseeable demands of our Army and Navy and still leave enough over for minimum domestic needs?

Mr. DUCE. This document is no quaranty that we will be able to supply it. We hope to be able to.

Mr. WIGGLESWORTH. What is your opinion?

Mr. DUCE. I think we will probably supply less than this if the armed forces divert tankers for their own operations.

Mr. WIGGLESWORTH. You mean supply less than is indicated in this request, but you will supply enough for the minimum needs for the domestic use?

Mr. DUCE. Yes; but only for essential minimum needs.

Mr. WIGGLESWORTH. Including the east coast?

Mr. DUCE. Yes.

Mr. TABER. I am going to have this on the record. You can knock it out if you want to. I notice the Budget annual rate and this impact down here is 114,000,000 barrels, while the amount that you are asking for and figuring your money on is 162,000,000. Now, does that mean that the amount of oil that you have allocated to this unit is 114,000,000 rather than 162,000,000, and we only need to figure in making this up 114,000,000?

Mr. DUCE. You see this is an annual rate, and the figures above are a 14-month period.

Mr. TABER. That would not jibe either. That would not make any difference. It would leave about 140,000,000.

Mr. DUCE. That is right.

Mr. TABER. Now, there is something else there. I do not know what it is. How about it? What do you know about that?

Mr. DUCE. There are certain amounts of oil that are procured abroad.

Mr. TABER. Does that mean that this oil is to be produced abroad, or that we are going to buy it, or what does it mean? It is hard for me to understand. Will you tell me?

Mr. DUCE. Would you mind repeating so that I can get it absolutely straight?

Mr. TABER. The Budget annual rate from the United States is 114,000,000 barrels, while the amount on which the dollar estimate is figured on 162,154,744 barrels, and the annual rate on the 162,000,000 barrels would be 140,000,000 barrels. Does it mean that you have been over this situation and you have allocated to the lease-lend 114,000,000 barrels instead of 140,000,000?

Mr. DUCE. No.

Mr. TABER. What I was wondering was whether we could not cut down this appropriation about 25,000,000 barrels. That is what it looks like to me.

Mr. DUCE. And the answer is this: In the first place, we convert it to an annual basis.

Mr. TABER. Yes.

Mr. DUCE. And in the second place, we get certain amounts of our supplies from other sources than the United States—from other re-

fineries: Venezuela, and so forth, and this has been deducted from the 140,000,000 barrels on a yearly basis.

Mr. TABER. You mean the 114,000,000?

Mr. DUCE. That only refers to the amount that we will take out of the United States.

Mr. TABER. And the other 25,000,000 will come from somewhere else?

Mr. DUCE. Right, from the refineries in the other areas, the refineries owned by the American companies abroad.

Mr. TABER. All right. That is what I had in mind.

(Discussion off the record.)

The CHAIRMAN. Thank you, Mr. Duce. We will adjourn and meet again at 10 o'clock tomorrow morning.

ABILITY TO FILL LEND-LEASE REQUIREMENTS FROM UNITED STATES SUPPLY

(The following letters were submitted by Mr. Stettinius):

WAR PRODUCTION BOARD,
Washington, D. C., April 6, 1943.

Mr. E. R. STETTINIUS, Jr.,
Administrator, Office of Lend-Lease Administration,
Washington, D. C.

DEAR ED: I have been advised that your staff has submitted a proposed fourth lend-lease budget to our various industry divisions for consideration as to the reasonability of your program.

It is my understanding that during these deliberations a number of suggestions were made by our staff and were adopted by you. These revisions have produced a program which is reasonable to our industry divisions and I am accordingly advising you that in the aggregate, we believe your budgetary request for the 14 months from May 1, 1943, through June 30, 1944, to be realistic and reasonably capable of fulfillment.

You realize, undoubtedly, that it is impossible at this time to make a definite commitment as far as a year and a half in the future. However, I have every reason to believe that the program you are submitting to the Seventy-eighth Congress is screened down to a basis that justifies our assurance of cooperation in attempting to make its fulfillment possible.

Cordially yours,

DONALD M. NELSON, *Chairman.*

WAR PRODUCTION BOARD,
Washington, D. C., April 16, 1943.

Mr. E. R. STETTINIUS, Jr.
Administrator, Office of Lend-Lease Administration,
Washington, D. C.

DEAR ED: The rubber and rubber products program in your proposed lend-lease budget, which was submitted by members of your staff, has been examined by members of this office. I also understand that your staff has previously consulted this office and that full consideration has been given to the availability of crude rubber in the United States, availability of rubber from sources other than the United States, and facilities for the production of synthetic rubber and for tire manufacture.

This is to advise you that we believe your program justifies our assurance of cooperation in attempting to make its fulfillment possible, and that your budgetary request for the 14 months from May 1, 1943, through June 30, 1944, is realistic and reasonable in the light of present conditions and circumstances and of other competing needs. Of course, you must realize, however, that it is impossible at this time to make definite and absolute commitments for so long a period in the future.

Sincerely yours,

WM. JEFFERS.

DEPARTMENT OF AGRICULTURE,
FOOD PRODUCTION AND DISTRIBUTION ADMINISTRATION,
Washington, April 19, 1943.

Mr. E. R. STETTINIUS, Jr.,
Administrator, Office of Lend-Lease Administration,
Washington, D. C.

DEAR ED: Members of your staff and the staff of the Food Distribution Administration have carefully reviewed the proposed fourth lend-lease budget. The quantities of agricultural commodities included in this budget have been considered by each of the commodity branches with particular respect to their availability from United States supplies.

A number of changes have been made in the first draft of the budget and, with the revisions, which were agreed upon by both agencies, the program appears to be reasonable. I can advise you that in the aggregate we believe your budgetary requests for the 14 months from May 1, 1943, through June 30, 1944, are reasonable in relation to the supplies of food available and to become available. We do not believe the program will work undue hardship with respect to food supplies to be available to the armed forces or the civilian population of the United States.

As you know, the budget must necessarily provide for a program beyond any current allocations and contemplates the shipment of commodities the production of which has not yet begun. We expect in the future as in the past to make necessary adjustments in the actual shipping program as our supply situation becomes clear. However, I believe that the program you are submitting is possible of fulfillment and you may expect our full cooperation.

Sincerely yours,

CHESTER C. DAVIS, *Administrator.*

DEPARTMENT OF AGRICULTURE,
Washington, April 30, 1943.

Hon. E. R. STETTINIUS, Jr.,
Administrator, Office of Lend-Lease Administration,
Washington, D. C.

DEAR MR. STETTINIUS: Reference is made to the proposed budget for the fourth lend-lease appropriation with regard to agricultural machinery which covers the 14 months' period from May 1, 1943, through June 30, 1944.

In cooperation with members of your staff and other Government agencies members of this Department have carefully reviewed the figures contained in this budget in their relation to the actual needs for farm machinery in the various countries receiving lend-lease aid. The figures have also been studied from the point of view of the contribution which this machinery could make in augmenting the United Nations' food supplies.

I am satisfied that the figures contained in the budget are not at all excessive and that the machinery involved could and would be put to extremely effective use in expanding food production in lend-lease countries and that the furnishing of this machinery would make a vital contribution to the war effort by conserving ocean transportation and our own food supply.

Sincerely yours,

CLAUDE R. WICKARD, *Secretary.*

PETROLEUM ADMINISTRATION FOR WAR,
Washington, April 30, 1943.

Hon. E. R. STETTINIUS, Jr.,
Administrator, Office of Lend-Lease Administration,
Washington, D. C.

MY DEAR MR. STETTINIUS: This office has reviewed with your staff your lend-lease program for petroleum products for the period from May 1, 1943, through June 30, 1944, and endorses as reasonable the budget as you have it now prepared. I attach a tabulation of the volumes involved as reported to me.

Our examination has extended to a comparison with previous shipments, to a general consideration of the needs of the various countries as known to us and

to alternative supply possibilities. In the light of all data available here we are in agreement as to the quantities budgeted.

You, of course, will understand that we cannot in advance furnish assurances as to the final availability of the products or the transportation facilities necessary to deliver them, though naturally we shall make every effort to fill all orders that are consistent with the budget in question.

Sincerely yours,

HAROLD L. ICKES,
Petroleum Administrator for War.

WAR DEPARTMENT,
Washington, D. C., March 23, 1943.

Mr. E. R. STETTINIUS, Jr.,
Administrator, Office of Lend-Lease Administration,
Washington, D. C.

DEAR ED: This is in reference to your letter of March 3, 1943, regarding the estimates which are in the process of preparation for the fourth lend-lease appropriation. Estimates for the following listed countries have been reviewed by the War Department: Fighting France, north Africa, Tunisia, west Africa, China, Russia, Turkey, and the United Kingdom.

These estimates were scrutinized to determine that the Office of Lend-Lease Administration was not planning to finance items, funds for the procurement of which were also included in the War Department budget. As a result of this scrutiny, attached is a list of items which have been agreed upon between our respective organizations as proper to be deleted from your budget. Funds for procurement of these items will be obtained by the War Department.

Sincerely yours,

JOHN J. MCCLOY,
Assistant Secretary of War.

WAR SHIPPING ADMINISTRATION,
Washington, April 10, 1943.

Mr. E. R. STETTINIUS, Jr.,
Administrator, Office of Lend-Lease Administration,
Washington, D. C.

DEAR ED: I wrote you under date of January 6 in response to your inquiry concerning the shipping possibilities involved in proposed movement of approximately * * * gross tons of lend-lease cargo for the calendar year 1943.

You have now furnished figures covering forecast of shipping requirements for the period of 14 months ending June 30, 1944.

Inasmuch as the proposed average monthly movement for the 14 months' period is less than the average monthly shipping requirement for the year 1943, we feel that the new program, from a shipping standpoint, carriers reasonable expectation of fulfillment, subject, of course, to limitations which may be imposed by military operations and other contingencies which are not now definable.

Sincerely yours,

JERRY,
E. S. LAND,
Administrator.

NOTE.—Tonnage figure has been deleted from this letter for reasons of security.

WAR SHIPPING ADMINISTRATION,
Washington, April 21, 1943.

Mr. E. R. STETTINIUS, Jr.,
Administrator, Office of Lend-Lease Administration,
Washington, D. C.

Fourth lend-lease appropriation May 1, 1943–June 30, 1944

DEAR ED: Further to my letter of April 10, and with particular regard to the forecast of tanker tonnage requirements versus wet cargo tonnage estimates.

Taking into consideration the amount of tanker tonnage which will be available from all sources during the period of the fourth lend-lease appropriation, it should be possible to lift the amount of petroleum products requested in the

appropriation, subject, of course, to the exigencies of the military situation and to other contingencies unforeseeable at the time of writing.

Sincerely yours,

E. S. LAND, *Administrator.*

WAR SHIPPING ADMINISTRATION,
Washington.

Mr. J. M. JURAN,
Assistant Administrator, Lend-Lease Administration,
Washington, D. C.

DEAR MR. JURAN: After a careful study of the programs prepared by representatives of countries entitled to aid under the fourth lend-lease program, I am attaching hereto in triplicate schedules of estimates which have been prepared for the 14 months' period covered by this program, May 1, 1943, to June 30, 1944.

These estimates were prepared on the basis of requirements indicated by the various foreign governments and in general follow these quite closely. In several instances, however, the requirements have been altered somewhat to a basis which I feel will be more nearly representative of the services which can be performed and the items which can be procured. These changes were as follows:

1. North Atlantic sailings to the United Kingdom were reduced from * * * per month to * * * per month.

2. Sailings to South and West Africa, for the United Kingdom, were reduced from * * * per month to * * * per month.

3. Sailings from the United States to North Russia were reduced from * * * per month to * * * per month, while sailings from the United States to the Persian Gulf have been increased from * * * per month to * * * per month.

4. The number of dry cargo vessels to be turned over to Russia during the period have been decreased from * * * to * * *.

These estimates must necessarily be considered as tentative since the number of sailings and the shipping tonnage that can be placed at the disposal of the foreign governments will be subject to constant revision based on the needs of the United Nations as they develop in the war effort.

Sincerely yours,

E. S. LAND, *Administrator.*

NOTE.—Certain figures have been deleted from this letter for reasons of security.

WAR SHIPPING ADMINISTRATION,
Washington, May 3, 1943.

Mr. E. R. STETTINIUS, JR.,
Administrator, Office of Lend-Lease Administration,
Washington, D. C.

DEAR ED: In a letter I wrote you on April 10 I indicated that, in our opinion, it is reasonable to expect approximately 20,000,000 gross tons of lend-lease cargo to be lifted from the United States in the calendar year 1943. You should understand that this statement referred to the amount of cargo that could be lifted in all United Nations ships and was not intended to indicate the quantity of lend-lease supplies that could be shipped in War Shipping Administration controlled vessels alone.

For your information, we anticipate that our own ships will lift between twelve and thirteen million tons of lend-lease cargo during the current calendar year and that the balance of the twenty will be carried in ships under British and Russian control. The latter include, as you know, the vessels we have transferred and are now transferring to the Russian flag.

Sincerely yours,

JERRY,
E. S. LAND,
Administrator.

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78TH CONGRESS
1ST SESSION

H. R. 2753

IN THE HOUSE OF REPRESENTATIVES

MAY 20, 1943

Mr. CANNON of Missouri introduced the following bill; which was referred to the Committee on Appropriations

A BILL

Making supplemental appropriations to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, to enable the President, through such departments or agencies of the Government as he may designate, further to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for each and every purpose

incident to or necessary therefor, the following sums for the following respective purposes:

(a) For the procurement, by manufacture or otherwise, of defense articles, information, and services, for the government of any country whose defense the President deems vital to the defense of the United States, and the disposition thereof, including all necessary expenses in connection therewith, as follows:

Vessels, ships, boats, and other watercraft, including the hire or other temporary use thereof, and equipage, supplies, materials, spare parts, and accessories, $1,552,659,000.

Agricultural, industrial, and other commodities and articles, $4,452,623,000.

(b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith, $259,348,000.

(c) For administrative expenses, $8,999,000: *Provided*, That transfers may be made from this appropriation to the consolidated appropriation for "Necessary services and expenses" to the extent necessary to reimburse such appropriation for transfers made pursuant to the Urgent Deficiency Appropriation Act, 1943.

(d) In all, $6,273,629,000, to be available until June 30, 1944.

(e) Each of the foregoing appropriations shall be additional to, and consolidated with, the appropriations for the same purposes, contained in the same respective categories of appropriation in the Defense Aid Supplemental Appropriation Act, 1941, the Defense Aid Supplemental Appropriation Act, 1942, and the Second Defense Aid Supplemental Appropriation Act, 1942, and the appropriations contained in the foregoing Acts, are hereby continued and shall be available until June 30, 1944: *Provided*, That with the exception of the appropriation for "Administrative expenses", not to exceed 20 per centum of any of such consolidated appropriations may be transferred by the President to any other of such consolidated appropriations, but no such appropriation shall be increased more than 30 per centum thereby: *Provided further*, That notwithstanding the foregoing proviso (1) balances, unobligated as of April 30, 1943, and balances subsequently released from obligation, of appropriations contained in the foregoing Acts for "Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof", may be transferred by the President to and consolidated with the appropriation provided above for "Agricultural, industrial, and other commodities and articles", and (2) balances, unobligated as of

April 30, 1943, and balances subsequently released from obligation, of appropriations contained in the foregoing Acts for "Necessary services and expenses" may be transferred by the President to and consolidated with any of the appropriations provided above, except the appropriation for "Administrative expenses."

SEC. 2. Any defense article, information, or service procured from funds appropriated by this Act or prior acts appropriating funds to the President for the purpose of carrying out the provisions of said Act of March 11, 1941, as amended, shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby.

SEC. 3. This Act may be cited as the "Defense Aid Supplemental Appropriation Act, 1943".

78TH CONGRESS
1ST SESSION

H. R. 2753

A BILL

Making supplemental appropriations to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes.

By Mr. CANNON of Missouri

MAY 20, 1943

Referred to the Committee on Appropriations

Union Calendar No. 169

78TH CONGRESS
1ST SESSION

H. R. 2753

[Report No. 464]

IN THE HOUSE OF REPRESENTATIVES

MAY 20, 1943

Mr. CANNON of Missouri introduced the following bill; which was referred to the Committee on Appropriations

MAY 21, 1943

Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

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A BILL

Making supplemental appropriations to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, to enable the President, through such departments or agencies of the Government as he may designate, further to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for each and every purpose

incident to or necessary therefor, the following sums for the following respective purposes:

(a) For the procurement, by manufacture or otherwise, of defense articles, information, and services for the government of any country whose defense the President deems vital to the defense of the United States, and the disposition thereof, including all necessary expenses in connection therewith, as follows:

Vessels, ships, boats, and other watercraft, including the hire or other temporary use thereof, and equipage, supplies, materials, spare parts, and accessories, $1,552,659,000.

Agricultural, industrial, and other commodities and articles, $4,452,623,000.

(b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith, $259,348,000.

(c) For administrative expenses, $8,999,000: *Provided*, That transfers may be made from this appropriation to the consolidated appropriation for "Necessary services and expenses" to the extent necessary to reimburse such appropriation for transfers made pursuant to the Urgent Deficiency Appropriation Act, 1943.

(d) In all, $6,273,629,000, to be available until June 30, 1944.

(e) Each of the foregoing appropriations shall be additional to, and consolidated with, the appropriations for the same purposes, contained in the same respective categories of appropriation in the Defense Aid Supplemental Appropriation Act, 1941, the Defense Aid Supplemental Appropriation Act, 1942, and the Second Defense Aid Supplemental Appropriation Act, 1942, and the appropriations contained in the foregoing Acts, are hereby continued and shall be available until June 30, 1944: *Provided*, That with the exception of the appropriation for "Administrative expenses", not to exceed 20 per centum of any of such consolidated appropriations may be transferred by the President to any other of such consolidated appropriations, but no such appropriation shall be increased more than 30 per centum thereby: *Provided further*, That notwithstanding the foregoing proviso (1) balances, unobligated as of April 30, 1943, and balances subsequently released from obligation, of appropriations contained in the foregoing Acts for "Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof", may be transferred by the President to and consolidated with the appropriation provided above for "Agricultural, industrial, and other commodities and articles", and (2) balances, unobligated as of

April 30, 1943, and balances subsequently released from obligation, of appropriations contained in the foregoing Acts for "Necessary services and expenses" may be transferred by the President to and consolidated with any of the appropriations provided above, except the appropriation for "Administrative expenses."

SEC. 2. Any defense article, information, or service procured from funds appropriated by this Act or prior acts appropriating funds to the President for the purpose of carrying out the provisions of said Act of March 11, 1941, as amended, shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby.

SEC. 3. This Act may be cited as the "Defense Aid Supplemental Appropriation Act, 1943".

Union Calendar No. 169

78TH CONGRESS
1ST SESSION

H. R. 2753

[Report No. 464]

A BILL

Making supplemental appropriations to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes.

By Mr. CANNON of Missouri

MAY 20, 1943

Referred to the Committee on Appropriations

MAY 21, 1943

Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

78TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
1st Session } { No. 464

DEFENSE AID (LEND-LEASE) SUPPLEMENTAL APPROPRIATION BILL, 1943

MAY 21, 1943.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

Mr. CANNON of Missouri, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. 2753]

The Committee on Appropriations, to which was referred the bill (H. R. 2753) making appropriations to carry out the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended, reports the same without amendment and with a favorable recommendation for immediate consideration and early enactment.

The Budget estimate upon which the bill is based was transmitted by the President on April 26, 1943, and is printed as House Document No. 179 of the present session. The amount requested by the Budget estimate is $6,423,629,000 and the committee recommends a total of $6,273,629,000, a reduction of $150,000,000. This decrease is made in the category for agricultural, industrial, and other commodities and articles for which a total of $4,602,623,000 was requested and leaves the sum recommended in that category at $4,452,623,000.

Lend-lease requirements, as considered in connection with the preparation of the Budget estimate and the bill, were based upon a need extending from May 1, 1943, to June 30, 1944, or a 14-month period. In order to arrive at these requirements the needs of other nations were canvassed in the light of the available shipping facilities and the priority of those requirements. Uncommitted lend-lease funds from previous appropriations to the President for this purpose totaled, on May 1 last, $2,057,496,000 and this sum combined with the $6,273,629,000 carried in the bill makes a total availability of

$8,331,125,000 for the lend-lease purposes provided in the bill for the 14-month period.

The requirements of the United Nations for aid other than that furnished from appropriations for the War and Navy Departments for the 14-month period as presented by those nations totaled $10,008,000,000. They were reduced by the Lend-Lease Administration after consultation with other agencies of the Government and in light of all the relevant factors to a total of $8,095,000,000. This represents a decrease of 19 percent in dollars and the equivalent of more than 30 percent in terms of tonnage of dry cargo. The making of this reduction does not mean that the lend-lease countries requested articles they should not have. Their needs are just that much greater than we can furnish. If we could supply more, the war effort of the United Nations would be that much stronger.

Congress, by the enactment of Public Law 9 of the present session, approved March 11, 1943, extended the act of March 11, 1941, the Lend-Lease Act, for the period of another year and thereby endorsed and approved with unusual unanimity the policies and the successful administration of lend-lease. It is a potent weapon of warfare without which other United Nations could not effectively fight and with the assistance of which the war will be shortened and the loss of life and human suffering will be diminished. It aids the other United Nations, and what aids them helps us. This is a crucial war, the end of which is not in sight. We need to prosecute it and do so vigorously and with all our might. Lend-lease is one of the mights we can use most effectively.

The Nazis and their Italian allies have been swept out of Africa. Lend-lease weapons and supplies played an important part in that victory. On the Russian front the Nazis and their satellites have been stopped and driven back. Lend-lease weapons and supplies assisted in the heroic battles of the Red Army. From the United Kingdom round-the-clock bombing raids of devasting force are pounding the war industries of Germany and the occupied countries. Lend-lease war supplies are contributing to the force of these raids. In the Far East, the fighting forces of China have fought valiantly for 10 years; in Burma, British and Chinese forces are poised for an offensive; and, in New Guinea and the Solomons, the American, Australian, and New Zealand forces are slowly reducing the armed strength of the Japanese. On all these fronts lend-lease war supplies are supporting the armed forces of our allies.

A war of such far-flung battle fronts requires not only complete cooperation of the fighting forces of all the Allies but the ability to concentrate quickly with maximum effectiveness on any given front the combined manpower and physical resources of the United Nations. Through unified commands in the various theaters of war, the fighting strength of the Allies is being pooled to achieve maximum striking power for the common fight.

Through lend-lease and lend-lease in reverse, the productive resources of all the Allies are being pooled to equip, support, and sustain the combined armies of the United Nations. Weapons, machines, raw materials, and food, produced by American factories, mines, and

farms are being sent under lend-lease to all the battle fronts of the world to be utilized by the fighting manpower of our allies in crushing the Axis. Food produced in the United Kingdom, Australia, New Zealand, and other United Nations, as well as weapons, military equipment, and supplies, are being furnished under reverse lend-lease to our own United States forces on the many fronts of this global war.

In the coming months, the forces of the United Nations will need all the weapons, all the supplies, all the industrial materials and equipment that can be used to smash on to complete victory. The early defeat of the Axis Powers requires that each of the United Nations contribute its utmost. The appropriations provided for in this bill will enable this Government to carry out the policy of the Congress and of the administration and of the people of this country as set forth in the Lend-Lease Act.

The committee in considering this appropriation bill not only scrutinized the requests for additional funds with care, but inquired extensively into the administration of the Lend-Lease Act in the past. The committee heard testimony from the Administrator of the Office of Lend-Lease Administration, Edward R. Stettinius, Jr.; the Secretary of Agriculture and Chairman of the Combined Food Board, Claude R. Wickard; the Administrator of the War Shipping Administration and Chairman of the Maritime Commission, Admiral Emory S. Land; the Vice Chairman of the War Production Board and Chairman of the Combined Raw Materials Board and Combined Production and Resources Board, William L. Batt; the Administrator of the War Food Administration, Chester Davis; the Director of the Food Distribution Administration of the War Food Administration, Roy Hendrickson; the Director of the Procurement Division of the Treasury Department, Clifton Mack; the Director of the Foreign Division of the Petroleum Administration for War, James Terry Duce; and other witnesses.

Full information was presented to the committee both as to past operations and in justification of the sums requested in the appropriation bill.

In presenting its request for funds, the Office of Lend-Lease Administration made available to the committee detailed figures with respect to each of the articles and services in the lend-lease requirements program for the period ending June 30, 1944. This data was broken down for each fiscal code in great detail. Complete information was supplied as to the particular types of commodities to be procured and the use for which they are intended. In addition, the countries for which each item is destined, the number of units, the dollar amount, and the tonnage were specified. Information was supplied as to the necessity for the particular item in each country and the ability of such country to obtain the commodity from its own production or other sources.

In order to show the effect of the proposed lend-lease program upon the United States economy, the committee was furnished information as to the percentage of United States 1943 production represented by each item in the lend-lease program. In addition, a comparison was made with the impact of shipments during 1942 upon the United States supply in 1942, so that the committee could compare the effect

of the lend-lease program for the future with lend-lease operations as they affected the United States economy in the past.

This data was supplemented by many statistics, charts, and exhibits containing other factual information. To the extent that such information would not be of aid to the enemy, it has been included in the record of the hearings before this committee. The committee believes that it had at its disposal as full and complete information on the lend-lease program as it is possible to obtain.

The committee has also been considerably aided in its study of lend-lease operations by the eight quarterly lend-lease reports and by the report of lend-lease operations to the Seventy-eighth Congress which have been submitted to the Congress either by, or at the direction of, the President, and by the recent hearings and report of the Committee on Foreign Affairs in connection with the extension of the act of March 11, 1941.

NEED FOR ADDITIONAL FUNDS

Since the passage of the Lend-Lease Act of March 11, 1941, there have been three appropriations to the President for lend-lease purposes, totaling $18,410,000,000. These appropriations were as follows:

Defense Aid Supplemental Appropriation Act, 1941, approved March 27, 1941	$7,000,000,000
Defense Aid Supplemental Appropriation Act, 1942, approved October 28, 1941	5,985,000,000
Second Defense Aid Supplemental Appropriation Act, 1942, approved March 5, 1942	5,425,000,000
Total	18,410,000,000

The first two of the appropriations to the President provided funds for all types of lend-lease aid. However, in the third appropriation to the President no funds were appropriated for finished munitions or naval vessels. After the entry of the United States into the war and in order to facilitate the integration of supply programs of our allies with those of the United States armed forces, the Congress provided that the Army and Navy might transfer to lend-lease countries up to a maximum amount of $35,970,000,000 of finished munitions procured out of the funds appropriated to them for their own needs. Accordingly, the appropriation now under consideration does not provide any funds for these purposes.

The committee wishes to point out that there is no overlapping between the funds now proposed to be appropriated and the transfer authority given to the Army and Navy, since these measures provide different types of lend-lease aid. The committee is satisfied that there is no duplication or pyramiding of funds for any item.

Of the total amount of $18,410,000,000 appropriated to the President for lend-lease purposes, $14,522,775,000 had been obligated as of April 30, 1943; $1,816,729,000 was unobligated but committed; and the balance of $2,057,496,000 remained as free funds.

The following table submitted by the Office of Lend-Lease Administration shows the funds requested in each category in House Document 179 and the free funds available in each category from previous appropriations.

Fourth lend-lease appropriation—statement of new funds requested

[Thousands of dollars]

Category	Description	14-month program	"Free" funds	"Free" funds redistributed	New funds requested
1	Ordnance and ordnance stores		335,407		
2	Aircraft and aeronautical material		114,403		
3	Tanks and other vehicles	58,162	99,208	58,162	
4	Vessels and other watercraft	1,679,661	127,002	127,002	1,552,659
5	Miscellaneous military equipment		12,141		
6	Production facilities in United States		8,190		
7	Agricultural and industrial commodities	6,077,530	963,720	1,474,907	4,602,623
8	Servicing and repair of ships, etc	279,300	19,952	19,952	259,348
9	Services and expenses	377,473	377,473	377,473	
10	Administrative expenses	8,999			8,999
	Total	8,481,125	2,057,496	2,057,496	6,423,629

The agencies having responsibility with respect to the allocation of United States production of the various articles and services included in the lend-lease program have certified in letters which appear in the record of the hearings before this committee that the programmed requirements are reasonably capable of fulfillment after giving consideration to available supply and the requirements of our own armed forces and civilian economy. In addition, the War Shipping Administrator has stated that the articles and materials to be procured under this appropriation may reasonably be expected to be shipped in the light of the probable shipping available.

CATEGORY 1. ORDNANCE AND ORDNANCE STORES

Since lend-lease ordnance requirements are now procured out of appropriations made directly to the War and Navy Departments, no new funds are recommended in this category. The $335,407,000 of free funds which remain in the category are permitted under the provisions of the bill to be transferred to category 7. Such transfer will to that extent reduce the need for funds for the procurement of industrial, agricultural, and other commodities.

CATEGORIES 2 AND 3. AIRCRAFT AND AERONAUTICAL MATERIAL—TANKS AND OTHER VEHICLES

No new funds are recommended in category 2 for "aircraft and aeronautical material" or in category 3 for "tanks and other vehicles" since most of such articles may now be made available for lend-lease purposes under the transfer authority heretofore provided with respect to aircraft and tanks procured from War and Navy Department funds. Of the funds remaining in category 3, the amount of $58,162,000 is reappropriated for the procurement of approximately 12,832 civilian-type trucks, many of which are for improving the transport facilities in China. The remainder of the funds in the category are for the procurement of automotive equipment and spare parts to maintain American trucks previously supplied in various countries, including China and north Africa.

CATEGORY 4. VESSELS AND OTHER WATERCRAFT

Most of the funds, $1,400,000,000, in this category are for the rental and charter of vessels. The war has placed a tremendous strain upon the fleets of our allies, which are carrying a large proportion of our troops and providing many of the convoys. Lend-lease supplies to be effective must be delivered. It is essential that a sufficient part of our growing fleet be available to assist in the transport of lend-lease goods to the battle fronts.

CATEGORIES 5 AND 6. MISCELLANEOUS MILITARY EQUIPMENT PRODUCTION FACILITIES IN THE UNITED STATES

No new funds are requested in these categories since military equipment procured out of War and Navy Department appropriations is available for transfer to our allies. In accordance with our present war production plans to utilize existing plant capacity and to conserve raw materials for the manufacture of war supplies, no new funds have been requested for the construction of new production facilities. It is recommended that the President be authorized to transfer balances remaining in these categories to category 7 to reduce the amount of new funds needed for the procurement of industrial and agricultural commodities.

CATEGORY 7. AGRICULTURAL AND INDUSTRIAL COMMODITIES

Agricultural and industrial commodities for which provision is made in category 7 fall into three groups—food, agricultural implements, and industrial commodities.

Food.—The lend-lease food program totals $2,694,531,600. Our allies depend upon food from this country to sustain their fighting forces and their workers in war industries. Detailed information was made available to the committee as to the food available to the various lend-lease countries from their own farms and from other sources. Consideration was given to the rations in these countries and the deficiencies in their food supply. The committee inquired at length as to the effect of the lend-lease food program upon the needs of our own armed forces and our civilian population.

The food requirements for which this appropriation is intended to provide are largely for two countries—the Soviet Union and the United Kingdom.

Testimony presented to the committee emphasized the importance of supplying food to the Russian Army. The food situation in the Soviet Union has become and still is desperate. The Germans have occupied the Ukraine, the granary of the Soviet Union. It would be impossible for us to make up the Russian food deficit completely even if we devoted all our shipping to food. But we must send as much food as we can ship, if the Soviet Army and industrial workers are to have strength to roll the Nazi armies back out of their country.

The United States must likewise continue to provide food to the United Kingdom. Britain is not a self-sufficient country. It is a

small island which has always imported most of its food and raw materials. During the 3 years preceding 1939, the value of Britain's annual food imports exceeded $2,100,000,000. Over 18 percent in dollar value of her food came from Denmark, Norway, Sweden, and Poland (France and Germany). Another 20 percent came from Australia, New Zealand, and the Far East, but supplies from these sources were greatly curtailed with the closing of the Mediterranean and the vast extension of the sea route.

With the spreading out of Nazi power, the problem of British food supply became critical. Britain could not survive as the last great fortress holding out against the Axis unless vigorous action were taken. The British have taken effective steps to solve this problem. As the first step, British decreased her need for imports. She reduced the consumption of food as a result of food rationing, the exercise of governmental controls to achieve equitable distribution, and the development of effective conservation methods. She also increased her self-sufficiency, partly through more Spartan living and partly through a phenomenal increase in domestic food production. By an intensive program of draining marshes, reclaiming fens and moorlands, and plowing up steep hillsides, she has, in spite of the loss of much of her farm manpower to the armed forces, increased her arable acreage by more than one-third. While before the war the United Kingdom was only 40 percent self-sufficient, she has now become 60 percent self-sufficient.

At the same time, Britain has increased her food imports from Canada, the Argentine, and the United States. Under lend-lease this country sent $592,510,000 of food to Britain during 1942, as against an average of $98,045,000 during the 3 years preceding 1939. Even with this increase, the United States furnished in 1942 only 10 percent of Britain's total food supply.

The food which we are sending to Britain is, however, of the greatest importance. Lend-lease provides Britain with the animal proteins, the fats and other foods high in nutritive value, but low in tonnage (many of them are sent in dehydrated or compressed form), which are necessary to the health of her army and her civilian population. Lend-lease food is distributed not only to the Army but, under strict Government control, through commercial channels, also through hospitals, nursing homes, and schools. It constitutes the marginal supply which is essential if the United Kingdom is to retain her fighting strength.

It is not possible to forecast with precision the exact amount of food that will be produced or the amount of shipping that may be available to carry food. It is probable that less food of some types and more food of other types will be shipped under lend-lease than is anticipated. Shipping priorities may reduce or increase the amount of foods to be sent. The needs of one lend-lease country may at any particular time be greater than another to whom we now plan to send food.

A measure of the impact of lend-lease shipments of foods upon the United States can be found in the comparative statistics of lend-lease

shipments during 1942 and the first 3 months of 1943. The relevant percentages are shown by the following table:

	1942	First 3 months of 1943
All meats (dressed-weight basis)	5.0	7.7
Beef	.2	1.0
Veal	0	0
Lamb and mutton	.4	18.2
Pork	9.7	12.8
All milk products (fluid milk equivalent)	3.4	1.9
Dry whole milk	6.1	3.1
Dry skim milk	23.0	40.0
Condensed and evaporated milk	7.2	13.9
Butter	.7	.5
Cheese	23.1	4.6
Fats and oils	13.2	13.3
Eggs, dried (shell egg equivalent)	10.0	15.3
Fish, canned and frozen	7.1	12.9
Canned vegetables	.8	.7
Canned fruits and juices	1.7	1.2
Corn and corn products	.1	.1
Wheat and wheat products	.3	.4
Dried beans	5.0	16.8
Dried peas	6.0	10.8
Dried fruit	15.7	21.8

The food program for our allies has been carefully formulated with consideration to the critical food deficiencies of the various lend-lease countries. The most serious of these deficiencies is in proteins, vitamins, and fats. The program includes high-protein content food, such as cheese, powdered eggs, dried peas and beans, and meat, especially in canned and dehydrated form. It also includes dried and evaporated milk, lard, margarine, and other vegetable oils, fruit juices, and other vitamin products. All these foods pack high nutritive value in small shipping space. These foods constitute the least possible drain upon the food resources of the United States in relation to the benefit which they should accomplish in maintaining the health and strength of our allies at a level of subsistence where they can effectively carry on the fight against the Axis.

The committee inquired carefully as to the progress which has been made in the dehydration and compression of foodstuffs, and the expansion of facilities for such dehydration and compression achieved through the use of lend-lease funds. The committee is impressed with the economies in shipping space which have been effected through the shipment of compressed and dehydrated foods and anticipates further economies in the future.

Agricultural implements.—The committee made a careful study of the proposed lend-lease agricultural implement program—amounting to $16,642,320. This amount represents only approximately 3 percent of the estimated United States production for the appropriation period on the basis of presently anticipated production schedules, which may be increased. Over 25 percent of this amount is for spare parts.

This small quantity of agricultural machinery will save a great amount of shipping space and enable lend-lease countries to maintain and increase their self-sufficiency. As these countries become increasingly productive, they should be able to supply food for the armed forces of the United States as well as larger quantities of food for their own military and civilian requirements.

As has been previously stated, the United Kingdom, with the aid of farm machinery from the United States and as a result of an intensive agricultural program (farm tractors are worked more than twice as many machine-hours as in the United States), has been able to increase greatly the production of food and it is being increased still further. If their war production is to be maintained at maximum efficiency, it is essential that the British diet, which is considerably less than our own, be maintained.

In north Africa, which has been for centuries a bread basket of Europe, a small amount of agricultural machinery can produce great quantities of food, not only for the population in that area but for the increasing numbers of our fighting men gathered in the European theater of the war. The committee is informed that General Eisenhower has urged that farm machinery be included among lend-lease supplies as a "must" item.

In the Pacific area, most of the food for our forces is supplied by Australia and New Zealand under reverse lend-lease. Here, too, the supplying of agricultural machinery can save great amounts of shipping space over tremendous distances.

Industrial commodities.—The needs of the armed forces of the other United Nations are supplied for the most part from their own war industries. By sending machine tools and particular types of raw materials, the combined war production of the United Nations has been and can continue to be materially increased. The estimated cost of the lend-lease program of industrial equipment and materials submitted to the committee is $3,275,498,230.

A large item in the program of requirements for the Soviet Union is for electrical equipment. Soviet industry depends to a great extent upon electric power and much of her equipment was lost in the occupation of the Donets Basin. We are sending to Russia large numbers of steam and Diesel generators. Many of these are portable so that they can be moved quickly into the reoccupied zones as the Red armies advance.

The advance of the Nazi army into the Caucasus oil regions greatly increased the Russian need for petroleum products in the second half of 1942. Soviet shipping priorities on gasoline and lubricants climbed steadily. We are still sending substantial quantities of gasoline and oil, but now that the Soviet armies have retaken many of their most important oil fields, we are rushing oil-well equipment to them also, so that they can restore petroleum production in these areas.

The raw materials which Soviet industry requires include many diverse items. Industrial alcohol and many other chemicals are needed for the manufacture of explosives and ammunition. Molybdenum, nickel, mercury, and magnesium are necessary to produce tanks and other types of armament. Aluminum will go into Soviet planes. There are, of course, the fundamental metals, iron, steel, copper, and brass, which are essential for the manufacture of all modern mechanized weapons of war.

The British requirements also include equipment to keep her arsenals and industries in operation. Britain needs fire-fighting equipment to help save her cities from the blitz, mining machinery to increase her production of coal both for Britain's own use and the use of other United Nations, chlorinating apparatus for her water supply, iron and steel for her munitions factories and her essential civilian industries, copper alloy for the production of brass and bronze for airplane engine bearings and cartridge cases, aluminum for Spitfires and Hurricanes and incendiary bombs, and plywood and sitka spruce for Mosquito bombers.

French Africa also needs some industrial supplies so that this potential base for invasion of the European continent may make its contribution to the winning of the war. Already critical raw materials such as manganese, cobalt, and phosphate as well as food have been supplied by north Africa for the United Nations with the aid of lend-lease equipment.

In the Far East and the South Pacific, industrial commodities are needed to supply the arsenals of China, India, Australia, and New Zealand. As small as shipments have been to China, they have kept Chinese arsenals in operation, and when land routes again become available, greater quantities of materials such as iron and steel, copper and chemicals, will be urgently needed to increase munitions production in Chinese factories. In addition, gasoline and lubricants will be needed for the trucks which must be sent to establish an effective internal transportation system. The committee made a full inquiry into the possibilities of increasing lend-lease aid to China and is satisfied that all necessary steps are being taken to send as many supplies into China as possible. Information was presented to the committee disclosing that aid to China has greatly increased in the last few months. The committee received assurances from the Lend-Lease Administrator that lend-lease aid to China is receiving the most careful attention from his staff and that supplies will be available to take advantage of increased transportation as it is made available.

At the present time, India and Australia have the chief arsenals in the Pacific and Asiatic theaters.

Although India has the largest single steel plant in the British Empire, it has not been able to produce enough steel for India's expanded munitions and shipbuilding industries. Under the lend-lease program, increased quantities of steel are being sent from the United States, together with alloys and equipment by which it is anticipated to increase India's own steel production greatly.

A score of projects for the manufacture of armored vehicles, artillery, and other munitions have been started with the aid of steel and machine tools sent from the United States. The lend-lease program for India also calls for equipment and materials that are expanding India's production of foodstuffs, uniforms, tent cloth and other military textiles, for trucks, construction equipment and shipbuilding and for improving rail transportation.

In Australia and New Zealand, the principal needs are for machine tools for the manufacture of munitions some of which will be supplied to American forces; for equipment to aid in the servicing and repair of American-type planes and tanks and for their own and United States naval vessels; for medicines and hospital stores; for aviation gasoline and other motor fuels; for seeds, tools, and machinery to

assist in expanding farm production to meet the growing requirements of our forces; and for tin plate, canning and dehydration equipment to enable Australia and New Zealand to provide canned field rations in greatly increased amounts.

CATEGORY 8. SERVICING AND REPAIR OF SHIPS, ETC.

The appropriation of $279,300,000 in this category is for testing, repairing, and providing defense installations on the ships of lend-lease countries. Other services include fueling, provisioning, and supplying these ships. Such shipping services will be afforded in United States' ports to the ships of the Soviet Union, Great Britain, Norway, Fighting France, Greece, Poland, and the other lend-lease countries. When our vessels reach the ports of our allies they are accorded similar services. Through reverse lend-lease, hundreds of United States' vessels have already been repaired and serviced in the shipyards of the British Isles, New Zealand, Australia, India, South Africa, and the Middle East, without payment on our part.

CATEGORY 9. SERVICES AND EXPENSES

The committee has recommended the reappropriation of the free funds—$377,000,000—presently available in category 9. Some of these funds will be required for certain aspects of the lend-lease program which cannot be budgeted, such as the salvage of ships which are disabled or sunk as the result of enemy action or accident. Some of the funds will be required, if industrial equipment and manpower are available, to finance the expansion of dehydration and compression plants. Some of the funds will be needed for lend-lease missions abroad.

In addition, funds must be available so that as military operations expand and new victories are won, the necessary demands for food, clothing, and essential equipment can be met. Supplies will undoubtedly be required for the civilian populations behind the lines. In north Africa, for example, General Eisenhower requested that lend-lease civilian goods be made available to prevent famine, plague, and disaffection which might endanger our lines of communication and supply.

The committee has inquired extensively into the operations of the Lend-Lease Administration in north Africa and into the plans for lend-lease operations in areas still to be liberated. The committee believes that the experience in north Africa has demonstrated the need for sending essential lend-lease supplies to civilian populations in liberated areas. The War Department has agreed that it is necessary to make provision for liberated areas, and the committee is advised that the program of the Office of Lend-Lease Administration has been so coordinated that no supplies will be shipped into any area during military occupation without the prior approval of the War Department.

Funds available to the Lend-Lease Administration are used for the procurement of goods which can be shipped to any of the lend-lease countries as the need develops. The committee understands that the articles and commodities acquired for liberated areas will not be locked up in a warehouse unavailable for any other purpose but that the demands of liberated areas will be a claim against lend-lease supplies

subject to diversion to meet more pressing demands of a military or domestic nature, should they develop.

The funds in category 9, in addition to being available for increased lend-lease requirements as military operations progress, will be available for other contingencies such as price rises and the replacement of cargoes lost as a result of sinkings. The appropriations for the other categories make no allowances for contingencies of any kind, although supplies budgeted for a particular lend-lease claimant may be used by the Office of Lend-Lease Administration for any more important strategic need which may arise.

In order to permit full use of the appropriation in this category for the various contingencies which may occur, there has been included in the appropriation bill a special provision permitting the transfer of funds from this category to the other categories.

CATEGORY 10. ADMINISTRATIVE EXPENSES

Of the new funds appropriated, $8,999,000 are for administrative expenses. This is about one-tenth of 1 percent of the entire appropriation, or about one dollar out of every thousand. In accordance with the policy of the Lend-Lease Administration to utilize the services of existing governmental agencies insofar as practicable, the greatest portion of this amount—$6,134,676 of the $8,999,000—is for the expenses of the various Government agencies which procure lend-lease goods. This amount will be divided as shown in the following table:

Treasury Department	$1, 590, 000
Agriculture Department	3, 358, 600
War Shipping Administration	1, 231, 511
Maritime Commission	433, 548
Office of Lend-Lease Administration	2, 864, 233

Although these amounts represent substantial increases for administrative expenses, the committee is convinced that such increases are necessary. Expenditures for lend-lease war supplies for the coming fiscal period will be nearly double the expenditures in the past. The increase in administrative expenses will not be nearly so great in proportion. With shortages in supplies becoming more critical all the time, procurement difficulties increase and increased personnel is necessary. In any event, the unit procurement cost should not increase significantly, if at all.

In addition to its close scrutiny of the requirements programs which form the basis for the proposed appropriation, the committee carefully investigated the nature and amount of all lend-lease and reverse lend-lease aid rendered to date and the administrative machinery which has been set up to carry out the Lend-Lease Act.

LEND-LEASE AND REVERSE LEND-LEASE AID TO DATE

Lend-lease aid.—Lend-lease aid since the passage of the Lend-Lease Act amounted to $11,000,000,000 as of April 30, 1943. Of this amount, $9,800,000,000 represents goods transferred and services

rendered from appropriations made to the President. The other $1,200,000,000 represents transfers pursuant to the authority contained in appropriations made to the War and Navy Departments and the Maritime Commission.

Of the $11,000,000,000 of lend-lease aid which has been rendered, $9,100,000,000 is the cost of goods transferred to May 1, and $1,900,000,000 the value of services rendered.

About 90 percent of all goods transferred have been sent abroad. The remaining 10 percent represents goods awaiting export or transferred to lend-lease countries but used in this country; for example, airplanes which are used in this country for the training of Chinese, Norwegian, and other Allied pilots.

There has, of course, been an upward trend in the amount of lend-lease goods exported month by month. Munitions shipments in the second year of lend-lease were seven times the total of the first year, shipments of industrial items were five times greater, shipments of agricultural products more than double.

As the emphasis of the war has shifted from the defense of the United Kingdom to other areas in this global war, so too the weight of lend-lease shipments has conformed to the world-wide strategy of the United Nations forces. In the first year of the lend-lease program more than two-thirds of all goods shipped under lend-lease went to the United Kingdom. In the second year only two-fifths went to the United Kingdom, nearly 30 percent to the Soviet Union, and the balance to other battle areas. For the first 3 months of 1943 about one-third went to the Soviet Union, a little more than one-third to the United Kingdom, and the rest to other theaters of war.

An examination of the various types of lend-lease goods discloses that the Soviet Union, fighting on the greatest land battle front in the war, has received a greater portion of the planes, tanks, and motor vehicles than have been shipped to any other country—45 percent of the planes, 44 percent of the tanks, and 41 percent of the motor vehicles. Large numbers of planes have been sent to the United Kingdom, as well as to the Middle and the Far East, but apart from the tanks and trucks shipped to the Soviet Union, tank and truck shipments have been made principally to fighting theaters in the Middle East, Africa, and the Far East.

Within the last 3 months food shipments to the Soviet Union have been approximately the same quantity as to the United Kingdom, which depends upon us for an essential 10 percent of its food supply. Relatively small quantities of food have also been shipped to north Africa and other areas.

Effect of lend-lease food shipments on United States economy.—The committee has examined the effect of these lend-lease food shipments upon the United States economy. The committee has found that although lend-lease shipments of food in the year ending December 31, 1942, were substantial, they constituted only a relatively small fraction—6 percent—of our supply. Because of the great increase in our domestic food production in 1942, our civilian population actually had more food that year than in any previous year in our history.

Lend-lease took only a portion of the increase. Increased consumption of food by the lower income group of our people who were earning more money, together with the requirements of our own armed forces, was largely responsible for shortages.

Although the United States, under lend-lease, shipped 5 percent of our supply of beef, veal, lamb, pork, and mutton in 1942, production increased by more than 12 percent. Although lend-lease shipments included 684,000,000 dozen eggs, in the form of dried eggs, or 10 percent of our supply, production in 1942 exceeded 1941 production by over 15 percent. Similarly, lend-lease shipments of canned vegetables were 51,000,000 pounds, or slightly less than 1 percent of our supply, but production had increased by more than 15 percent.

The American people are feeling most acutely in their every-day living the shortages in beef, butter, and coffee. Yet in 1942, lend-lease beef shipments were only two pounds out of every thousand, and our forces have received as much beef from Australia and New Zealand as reverse lend-lease as we supplied to all countries under lend-lease. Lend-lease shipments of butter in 1942 amounted to less than a third of an ounce per week for every person in the United States. Lend-lease shipped no coffee whatever.

Reverse lend-lease.—The committee inquired particularly as to the amount of aid which has been furnished the United States by our allies under the Lend-Lease Act. The committee was impressed both with the amount of the aid which has been supplied as reverse lend-lease and the variety of the goods and services which have been furnished. A full statement of reverse lend-lease aid appears in the record of the committee's hearings.

During the period from June 1, 1942, to March 31, 1943, the United Kingdom supplied the United States armed forces with 1,362,681 ships' tons of articles and equipment, ranging from engineering precision instruments to Spitfire airplanes and medical supplies. This does not include over 2,000,000 ships' tons of materials for construction intended exclusively for American forces.

The United Kingdom has already provided our troops in the British Isles with substantial amounts of food and during 1943 it has agreed to provide, among other foods, over 18,000,000 pounds of assorted cereal, 81,000,000 pounds of National wheat flour, 7,000,000 pounds of white flour, 57,000,000 pounds of potatoes, 61,000,000 pounds of bread, 6,000,000 pounds of salt, and 46,000,000 pounds of coffee.

In 1942, Australia supplied the American forces with the bulk of the foodstuffs they required on a ration scale comparable to the basic allowance of the American Army. As a result of the tremendous quantities of food provided both by Australia and New Zealand to the United States forces, substantial shortages developed in the civilian diet. In Australia, civilians went without potatoes for nearly 4 months so that the American forces could be adequately provisioned, and for 6 months dried and citrus fruits, pork products, tomatoes and tomato juices, chocolate, and other foodstuffs have been virtually unobtainable by civilians, although all of these foods have been provided to our Army. Similarly, in New Zealand, while shortages have been

occasioned by United States military requirements, the Government is continuing to extend its reverse lend-lease program above the level of foodstuffs and other articles supplied to the United States forces in 1942.

A detailed statement of the quantities and types of aid received from our allies under reverse lend-lease appears in the record of the hearings before the committee. The committee believes that the other United Nations are making their full contribution to the common war effort, not only through the efforts of their fighting forces, but through the supplying of this country and other United Nations with everything in their capacity to provide.

THE MACHINERY FOR CARRYING OUT THE LEND-LEASE PROGRAM

The committee inquired in detail into the operation of the various agencies which participate in carrying out the lend-lease program in order to satisfy itself that lend-lease shipments are properly considered and approved in relation to the other demands upon United States production.

The Office of Lend-Lease Administration is a small, compact organization with about 600 employees. Its policy-making, supervisory, and coordinating functions are carried out through full utilization of existing governmental agencies. Lend-lease supplies are procured by the War, Navy, and Treasury Departments, the Department of Agriculture, the Maritime Commission, and the War Shipping Administration. By utilizing these agencies, it has been possible to avoid duplication of personnel and to coordinate lend-lease procurement with procurement for other governmental purposes.

The procedure under which requests for lend-lease aid are handled also fully utilizes the other war agencies of the Government. Requests for lend-lease aid are submitted by the foreign purchasing missions to the Office of Lend-Lease Administration which formulates programs and thoroughly reviews and screens the requests for aid. Programs for industrial commodities and raw materials are presented to the appropriate requirements committees of the War Production Board for allocation. These committees have the responsibility for determining the over-all use of different commodities as among the competing demands of the Army, Navy, Lend-Lease, and other claimant agencies. Food requirements are determined by the War Food Administration of the Department of Agriculture after consultation with the Food Advisory Committee on which the Army, Navy, and Lend-Lease are among the agencies represented. Petroleum requirements are submitted to the Office of Petroleum Administration for War and rubber requirements to the Office of Rubber Director. Similarly, Lend-Lease shipping needs are determined by the War Shipping Administration in accordance with the competing demand for shipping space of the Army and Navy, Lend-Lease and other claimants.

These Government agencies take into consideration the recommendations of the Combined Production and Resources Board, the Combined Raw Materials Board, the Combined Food Board, and the

Combined Shipping Adjustment Board, and all allocations are made in accordance with the military strategy as determined by the Combined Chiefs of Staff.

The committee is satisfied that through the submission of all lend-lease requirements to the various central allocation agencies, the relative importance of lend-lease requirements to the competing needs of the United States armed forces and the United States civilian economy can be properly determined.

Total war has imposed upon the United Nations the stern necessity of making their total resources available for the defeat of the Axis Powers. Each of the United Nations, in accordance with its ability, is contributing everything it possesses to the common pool of manpower and supplies which is needed for victory. Our combined armies are fighting as one great tactical unit in every territory of this global war. Likewise, lend-lease war supplies together with the resources of the other United Nations are maintaining the combined armies, the war industries, and the war workers which are putting forth every effort to defeat the Axis.

Lend-lease has proved an effective instrument of war in the past. This bill will make it effective for the future.

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DEVASTATING FLOODS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection?

There was no objection.

[Mr. RANKIN addressed the House. His remarks will appear in the Appendix of today's RECORD.]

EXTENSION OF REMARKS

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a newspaper article and editorial on two subjects.

The SPEAKER. Is there objection?

There was no objection.

[The matter referred to will appear hereafter in the Appendix.]

DEFENSE AID (LEND-LEASE) SUPPLEMENTAL APPROPRIATION BILL, 1943

Mr. CANNON of Missouri. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 2753) making supplemental appropriations to carry out the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes; and pending that, Mr. Speaker, I should like to ask the gentleman from New York if we can agree on, say, 3 hours for general debate.

Mr. WIGGLESWORTH. First, Mr. Speaker, I desire to reserve all points of order on the bill, if that has not already been done.

In reply to the gentleman from Missouri, I may say that I understood from the gentleman from New York [Mr. TABER] that the tentative agreement was for 4 hours of general debate, or a maximum of 4 hours.

Mr. CANNON of Missouri. We had a tentative conversation on the subject and I thought possibly we would be able, after consultation on both sides, to arrange for 3 hours of debate, in view of the fact that we hope to finish the bill today. However, I leave that to the gentleman from Massachusetts.

Mr. WIGGLESWORTH. I think if we could agree on a maximum of 4 hours, perhaps we might not use all the time.

Mr. CANNON of Missouri. Then, Mr. Speaker, I ask unanimous consent that general debate on the bill proceed, not to exceed 4 hours, one-half to be controlled by the gentleman from New York and one-half by myself.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. McCORMACK. Reserving the right to object, Mr. Speaker—and, of course, I shall not object—is it the intention to finish the bill today?

Mr. CANNON of Missouri. We expect to finish it today, I may say to the gentleman from Massachusetts.

Mr. McCORMACK. The reason I make the inquiry is that if the bill is finished today I shall ask unanimous consent later in the day to adjourn over until Monday. Otherwise, I understand it is the desire of the members of the subcommittee that the consideration of the bill continue tomorrow.

Mr. CANNON of Missouri. Following the wishes of the leader, Mr. Speaker, we will make every effort to complete the consideration of the bill before adjournment today.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Missouri.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 2753, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. CANNON of Missouri. Mr. Chairman, I ask to be recognized for such time as I may consume.

The CHAIRMAN. The gentleman is recognized.

Mr. CANNON of Missouri. Mr. Chairman, this is a proposition to shorten the war and to reduce the over-all cost of the war, both in money and men. The title of this bill might very appropriately be "a bill to bring the war to an early and successful conclusion." It provides for food, industrial commodities, the charter hire, repair, and procurement of boats, and many other commodities and articles essential to the war program, with the exception of finished munitions.

Food is the most essential munition of war. We were told by General Marshall in the early days of the war that as between an army without food and an army without gunpowder he preferred the army without gunpowder; that the army without gunpowder might win, but the army without food could not win. On that distinguished evidence we are supplying here, through the appropriation provided by this bill, the most essential and the most indispensable munition of war. It is more important than guns, tanks, planes, and ships, because without it our armed forces cannot operate guns, tanks, planes, or ships. Already, Mr. Chairman, with funds appropriated for this purpose, we have cast a heavy weight into the scales of war in favor of the Allies. It is hardly to have been expected that Russia could have held, at least not so effectively, without the assistance which we have given and are giving through this efficient agency. Certainly the Allied Nations could not have cleared the continent of Africa, so promptly and so completely and at such comparatively small cost, without the cooperation of funds provided for this purpose. The valiant Chinese Army, fighting with its back to the wall, against incredible odds, could not have maintained so successfully and so admirably its morale and its position without the supplies and munitions furnished through lend-lease operations.

It is hardly necessary at this late date to go into the details of lend-lease activities. Its policies, its methods, and routine are familiar. Twice we have exhaustively debated the establishment of the policy in the consideration of bills reported by the legislative committee.

Three times before, because this is the fourth lend-lease appropriation bill, we have fully discussed, considered, and approved money for this purpose. And this bill differs from other appropriation bills in which we have supplied lend-lease funds in only one respect. Whereas we formerly included finished munitions, now that we have authorized the transfer of munitions by the Navy and War Departments from funds appropriated to them for that purpose, there is no longer need to include money for munitions in this bill. Otherwise the bill is in every respect, and especially in policy and purpose, identical legislatively with the lend-lease bills heretofore enacted. There is this possible further exception, that we are providing money in larger sums and spending it more rapidly and effectively. As the days go by and the theater of war widens and the number of men in the field increases, the amount of our lend-lease expenditures is mounting. The allocation and administration of lend lease is now largely standardized. In order to estimate the amounts of money disbursed, the purposes for which expended, and the countries to which allocated, the Lend-Lease Administration invites the Allied Nations to submit estimates of character and amounts needed. When all estimates are received, the lend-lease authorities in consultation with other departments and officials of the Government who are in a position to give counsel and advice screen them with a view to eliminating in the light of all the relevant facts—priorities, supply, and the difficulties of assembly and transportation.

The approved estimates then go to the Bureau of the Budget, where all requisitions are again scrutinized. The revised estimates then come to the Congress, the court of last resort. Even here they are subject to revision and reduction, a prerogative exercised by the Committee on Appropriations in this instance, in the reduction of the final estimates by the comparatively small amount of $150,000,000.

So the bill comes to the floor today, carrying, as the committee believes, the irreducible minimum of $6,273,629,000. This is not, in our opinion, the full measure of the allied requirements. It is the considered conviction of the committee that if supplies were available and could be delivered, many times this amount would be money well invested. As it is, we heartily approve the amount reported and recommend the appropriation as provided by the bill. We fix the total amount needed for the 14-month period, commencing May 1, 1943, and ending June 30, 1944, at $8,331,125,000, but we still have on hand in the custody and under the jurisdiction of the Lend-Lease Administration, an unexpended balance of $2,057,496,000. So striking the funds on hand from the amount required, we recommend today the appropriation of $6,273,629,000.

One thing that impressed the committee particularly, one thing which, judging from newspaper and editorial and radio comments, has impressed the Nation, is the efficiency, the economy and the effectiveness with which the lend-lease funds have been administered. It is impossible to place too high a rating upon the services rendered by Mr. Stettinius in this difficult position, or to express too strongly the confidence of the committee and the American people in him and in his administration. This confidence is reflected in the fact that this is a unanimous report of the subcommittee, the unanimous report of the Committee on Appropriations, and I trust the bill will meet with the unanimous approval of the Congress.

Mr. WOODRUM of Virginia. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Virginia.

Mr. WOODRUM of Virginia. Will the gentleman also recall the fact that under the law the lend-lease issues a quarterly report to the Congress and that that fully sets forth their operations, and in addition to that we have very full hearings lasting for a number of days, and we went into the whole matter in great detail. Much of it had to be off the record of course, on account of its very high military significance, but I believe that it is the unanimous opinion of the committee that they made a very fine showing, and gave a very fine account of their stewardship in the administration of this act.

Mr. CANNON of Missouri. The gentleman from Virginia calls attention to a striking feature of the hearings and the consideration and report by the subcommittee and committee of the entire record of the Lend-Lease Administration under the very capable management of Mr. Stettinius.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. Everything has been so favorable in this matter that this appropriation is almost sacrosanct, but, after all, we do hear rumblings of discontent. I want to ask the gentleman if in the hearings there has been anything brought out about the activity of the Board of Economic Warfare in asserting authority over or influencing that fund, for purposes that the gentleman himself might criticize? If I might further illustrate, we are making several nations of the United Nations rather prosperous under this lend-lease. Sometimes we fear that their manpower is not fighting the war as a partner with us. We do not ask them to fight our war for us, but we do ask them to use their manpower in connection with us, as well to furnish strategic materials which this fund provides. I repeat, you must have noticed that there has been some fear or criticism of the activity of the B. E. W. in the use of these funds.

Mr. CANNON of Missouri. I am very glad to have the gentleman call attention to that phase of the matter, as it affords opportunity to say that the committee went thoroughly into the use of these funds. After most exhaustive and comprehensive investigation we determined that there was no foundation whatever for such charges. Of course it must be recognized that such rumors are inevitable and indispensable in any nation of 130,000,000 people, of many and diverse political convictions and opinions.

Mr. WOODRUM of Virginia. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Virginia.

Mr. WOODRUM of Virginia. The gentleman from Massachusetts [Mr. GIFFORD] speaks of the Board of Economic Warfare. They do not have any control whatsoever over lend-lease operations or their funds. They have no connection with it whatsoever.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentlewoman of Massachusetts.

Mrs. ROGERS of Massachusetts. It was brought out in our hearings before the Committee on Foreign Affairs that the Board of Economic Warfare acted in an advisory capacity in the matter of agreements under lend-lease, which the State Department handles. So I should think they do have quite a good deal to do with the funds.

Mr. WOODRUM of Virginia. The decisions on lend-lease, on what goods, commodities, and implements of war are to be ordered on lend-lease account for the nations who apply for them are made by the Lend-Lease Administration, under the advice and in consultation with other agencies including the Army and Navy. Of course, in reaching those conclusions they obviously consult with the Board of Economic Warfare and the War Production Board, and various other agencies, as to the ability to get certain materials and the quantities; but I wanted to point out, because of the observation of the gentleman from Massachusetts [Mr. GIFFORD] that the decisions, operations, and responsibilities for these lend-lease funds are on the Lend-Lease Administration, and I am sure there has been nothing there that would reflect on them. We yet have to have before us the Board of Economic Warfare, and certain inquiries and explorations we expect to make as we go along in connection with that agency.

Mrs. ROGERS of Massachusetts. The gentleman will get all that information then.

Mr. VORYS of Ohio. Will the gentleman permit me to read from an Executive order on the connection between the Board of Economic Warfare and Lend-Lease, because I think it is important to have it in? Executive Order 9128, dated April 13, 1942, provided—

(1) In addition to the responsibilities and duties heretofore conferred, the Board of Economic Warfare is authorized and directed to * * * (c) advise the State Department with respect to the terms and conditions to be included in the master agreement with each nation receiving lease-lend aid.

(d) Provide and arrange for the receipt by the United States of reciprocal aids and benefits, other than arms, munitions, or weapons of war, from the government of any country whose defense shall have been determined by the President of the United States as vital to the defense of the United States.

So B. E. W., by Executice order, does have rather important lend-lease functions.

Mr. WOODRUM of Virginia. It has important functions, of course, and the War Production Board has important functions, because before lend-lease can process or promise delivery of any certain critical materials they have to go to the War Production Board to see whether or not those things are available and can be manufactured, and all of that. There are many agencies. But what I wanted to point out was that the Lend-Lease Administration, under Mr. Stettinius, is responsible for this appropriation, and we should not confuse that with anything that anyone may have in his mind for the Board of Economic Warfare, because we have yet to have offered their appropriation.

Mrs. ROGERS of Massachusetts. Will the gentleman yield further?

Mr. CANNON of Missouri. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. Great tribute has been paid and should be paid to Mr. Stettinius. A great deal of the favorable results under lease that have been accomplished have come from his fine work. Mr. Mack, Administrator of the Procurement Division, has done a fine piece of work. I notice in the hearings the interrogation of Mr. Mack and his replies. I would like also to ask if the committee considered the taking over of certain supplies that Procurement might have in storage under lease for use in this country. I notice Mr. Mack said they have quite large supplies of some materials that have not already been used. Did the gentleman take that up, because, for instance, we need steel and other supplies for use in the United States?

Mr. CANNON of Missouri. I am glad to have the lady from Massachusetts make this very well deserved commendation of Mr. Mack. I heartily agree with her in her approval of the excellent service he has rendered.

The committee took into consideration every criticism which might be suggested in connection with the procurement of supplies, every possibility of the exercise of undue influence or possibility of unauthorized expenditure of funds, some derelection of duty, and found no justification of the slightest criticism. The fact that both the subcommittee and the Committee on Appropriations are made up of some of the most alert and vigilant Members of the House, on both sides of the aisle, who worked on these estimates almost day and night, and then directed a unanimous report, is sufficient answer to all who entertain any misgivings whatever.

Mr. MANSFIELD of Montana. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Montana.

Mr. MANSFIELD of Montana. The gentleman has made some remarks about China which sounded very good, but in reading the report of the proceedings it would appear that China is going to get only a very small part of

the total funds to be appropriated for the furtherance of lend-lease; and it appears also that there was a question in the minds of the Chairman as well as members of the committee about the possibility of more aid being sent to China. We all know, of course, that China is one of our most important allies. I am wondering if the Chairman could not give us a little more information as to what we intend to do to help her?

Mr. CANNON of Missouri. I think that if we could take a plebiscite of the convictions of the American people it would show that while we are in heartiest accord, and entertain the warmest sympathy for all our allies, the average American citizen has in his heart a deeper admiration for the magnificent struggle under adverse conditions by the Chinese people than any other beleaguered nation. Of course there is no real distinction or difference in our regard for all our allies. Certainly public sentiment in this country favors rendering every possible help to China, but there are two conditions which must be taken into consideration in connection with the sending of supplies to China. There is, of course, the relative need. Russia, for example, with her battle line extending more than two thousand miles and opposed by a German army of 198 divisions of the best troops the world ever saw and 28 additional divisions of Axis allies, necessarily has greater needs than allies with shorter lines and less dependent.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield for a question?

Mr. CANNON of Missouri. In just one moment if the gentleman will permit. Second, we cannot ignore the facilities for delivery. Since the Burma Road closed access to China has been by plane over the Himalayas rising to an all but prohibitive height for laden airplanes. But every effort is being made, and perhaps a greater and more sustained effort, to deliver to China such supplies as she requires and delivery facilities permit than to any other of our allies if there is any distinction at all.

I yield now to the gentleman from Texas, the distinguished chairman of the Committee on the Judiciary and my special political mentor.

Mr. SUMNERS of Texas. I thank the gentleman. Do we understand—and I do understand—from the gentleman's statement in a sentence this: That the responsible agencies having to do with lend-lease do of course avail themselves of all the information and all the advice that they can get from other agencies of the Government having any conduct that is related to the tasks which they have to perform and, after all, the lend-lease organization, headed by Mr. Stettinius, has to arrive at the determination with reference to the distribution of these various things. On the contrary, as I understand the gentleman's statement, with reference to the quantity that goes to China or anywhere else the quantity must be determined by the General Staff, because Mr. Stettinius is not fighting this war; the General Staff is responsible for that. We understand that to be the gentleman's statement as to the situation.

Mr. CANNON of Missouri. Certainly. It is a matter of coordination and cooperation on the part of all branches of the service, both civil and military, each in its own particular field.

Mr. LUTHER A. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Texas.

Mr. LUTHER A. JOHNSON. I wish to supplement and commend what the gentleman has just said about the efficient administration of lend-lease funds. The hearings lasted 2 weeks, or possibly longer, when we considered the resolution to extend the life of lend-lease. Mr. Stettinius, the Administrator, was present during the entire proceedings and testified on numerous occasions. He impressed the entire membership of our committee as being one of the ablest and best administrators in the entire Government, and I am sure he made that same impression upon the committee presided over by the distinguished gentleman from Missouri, because his record has been very outstanding.

Mr. CANNON of Missouri. The gentleman is in a particularly advantageous position to pass judgment following the long investigation which he and his committee made during consideration of the legislative bill.

Mr. MAHON. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Texas.

Mr. MAHON. The gentleman from Missouri knows as much about the farm machinery shortage in this country as any Member could possibly know. Much of the money appropriated in this bill is for food and some of the money in the bill is for agricultural equipment for our allies. I note from the report that only 3 percent of our farm machinery production will go to our allies.

Mr. CANNON of Missouri. That is true.

Mr. MAHON. I also note from reading the hearings and the report that our allies are doing pretty good in increasing food production. I should like to have the gentleman's comment on the advisability of our taking from our own supply of agricultural equipment this 3 percent and giving it to our associates in this war.

Mr. CANNON of Missouri. The gentleman renders a service in calling attention to the provision of agricultural machinery. One of the great problems of the war is the matter of transportation. If we could, from the doors of our factories and from the portals of our granaries, deliver available material to the front lines where it is needed, without interference, the war would be over in a short time. But we are separated by thousands of miles of inaccessible territory and boundless wastes of ocean, teeming with submarines and with every obstacle which the enemy can put in our path. Delivery and transportation is the bottleneck.

Africa has been termed the bread basket of Europe. North Africa can produce supplies of food to feed Allied armies and civilians. That is the source from which a large part of Europe's food has come for many centuries. Even in England, where a comparatively small proportion of agricultural lands have been devoted to the production of food, cultivation by modern machinery can produce large quantities of food. If we can send them the machinery to produce it there instead of growing it here and shipping it across we have solved one of the pressing problems of the war. With American machinery they are already producing food which otherwise would monopolize invaluable shipping space and the program for which we are providing machinery in this bill contemplates increasing and expanding production to care for both our allies and our own armies. It stands to reason, and no one can raise an issue on the question, that the economical thing, the sensible thing, the logical thing to do, is to help these people produce their own food at the point of consumption. That is what we are endeavoring to do in this bill. As the gentleman from Texas very well says, we are delivering only 3 percent of our entire national production, an infinitesimal amount in its effect on production in our own country but of far-reaching importance in the European economy.

The same is true of industrial equipment which we are providing.

One of the imperative needs in Russia is oil. The German Army swept across the Donets Basin and took those great oil fields, destroying all oil-producing and refining facilities. When they retreated they left nothing but wreckage. Russia must have machinery with which to recondition her wells and plants, with which to provide her own oil, to supply gasoline and lubricants, not only for her own vast fleet of airplanes and motorized war equipment but for American planes and equipment. Russia has also suffered as no other nation has suffered in the destruction of electrical machinery. The damage recently wrought upon German power dams in the Ruhr is nothing as compared with the complete obliteration of similar facilities in Russia. The Russian industrial organization built in the last 10 or 15 years was motorized entirely by electrical energy. She must have electricity to operate her plants. The hydraulic electric generators have been destroyed. We are trying to supplement that deficiency in this bill.

Again, one of the great needs of the war is coal. There is not sufficient coal in England, in North Africa, in any allied country in Europe. We are here providing the machinery to supplement England's production of coal in order to permit her to supply her own needs, for the needs of the Allies.

In China, which has been dependent upon us up to this time almost entirely for facilities for the manufacture of small arms and munitions, we must provide replacement machinery and spare parts. It has just been said that we were fat-

tening our allies. That is certainly a sad misconception. If the gentleman had gone through, as we have gone through, this list of materials he will find nothing in there that is not for use during this war. We are providing some electrical equipment for Russia, including mobile units, which follow the Russian armies as they move forward and without which they cannot effectively continue the fight. But we have provided no facilities for the use of any of our allies which are not to be used until after the war.

Just one more point and I will yield to the gentleman. Lend-lease is not a one-way street. We are not giving everything and receiving nothing. I want to say frankly and am certain everybody will agree, that we do not expect repayment at the rate of 100 cents on the dollar, or anything like it. We are getting value received if we do not get back a penny. But our allies are not asking gratuities. They are paying when and where they can. It is impossible to repay in full, sometimes even in part. They do not have it. They never will have it. But if we can help them win the war, and preserve themselves, and a free world, it will be worth every cent we can spend.

But our allies are doing their part. In every country and on every front they are contributing in return everything they have to give, everything that the military situation permits. You will be surprised when you go into it at the amounts and at the source of some of it.

In Australia and in New Zealand, where the length of lines of supply is all but incalulable, practically all of the food of the American forces is supplied as reverse lend-lease. The same thing is true in England. Out of her scanty larders, her own people under rigid rationing, England is furnishing food to our men today; the English are providing for our men every morsel of food they can supply. Let me urge every Member of the House to take the hearings and turn to page 30. No Members of the House should permit the consideration of this bill to pass without reading carefully the statements beginning on page 30 of the hearings.

Mr. Chairman, you will find there some surprising things. They surprised the committee. You will find that even India, in the desperate straits in which she finds herself, even India is contributing to the American forces such as she has. It is reminiscent of a very ancient day on which the widow dropped her mite into the treasury and the Great Teacher reminded that it was not the amount contributed, but the spirit in which it was given.

All of these nations are giving to us in return such as they have, and we are receiving it likewise in a spirit of deep appreciation.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Montana.

Mr. O'CONNOR. Reverting back to the farm machinery item, I notice this language:

> This about represents only approximately 3 percent of the estimated United States production for the appropriation period on the basis of presently anticipated production schedules, which may be increased.

Under that provision, that is, in view of that statement, do I understand that the Administrator of the lend-lease program may enlarge or increase the percentage of farm machinery to be shipped to the Allies?

Mr. CANNON of Missouri. That refers to the increased production expected here in America. And in that connection, it was brought out in the hearings—I do not know whether it was made a part of the record or not—but the fact is that our war facilities are producing more efficiently and voluminously than expected; even the most optimistic did not foresee the rate of production and the flood of war materials pouring out of American factories today. I believe I am not far wrong in saying we are producing today more airplanes in the United States than are being produced by all of the enemy Axis Powers. That is true of many other articles. We are producing so far ahead of schedule that it is now found we will be able to turn some of the production facilities to the manufacture of supplies needed by the civilian population. And among other civilian supplies on which production is to be resumed will be farm machinery.

Mr. O'CONNOR. Will the gentleman yield for another question?

Mr. CANNON of Missouri. Certainly.

Mr. O'CONNOR. I wish to call the attention of the gentleman to the fact that the War Production Board, according to the best information offered to the committee, made an allotment of only six-tenths of 1 percent of steel for the production of new farm machinery this year, which, as the gentleman knows, is wholly insufficient, because that is one of the primary things today, so vital that it enters into an obstruction and interferes with the production of food for the year 1943.

Mr. CANNON of Missouri. If the gentleman will permit, that is not a matter germane to the proposition before us; it does not touch lend-lease.

Mr. MURDOCK. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Arizona.

Mr. MURDOCK. I wish to compliment the gentleman, chairman of the committee, on his splended opening statement on this appropriation. He has admirably stated the part which is ours in this global task by a division of labor in which America is the arsenal of democracy.

May I say that I have been one of the critics of the fact that only a small amount of our steel has been allotted to the production of farm machinery. I am glad to hear the chairman of the committee say that any lease-lend farm machinery we are sending abroad is not for the purpose of fattening or building up a foreign country but for the purpose of furthering the war effort by producing food abroad wherever it can be best produced.

Mr. CANNON of Missouri. The contribution of machinery is a measure of economy. We will save money in transportation, in cost of purchase, in processing, and will provide a larger and more timely supply than otherwise.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Minnesota.

Mr. O'HARA. I agree with the gentleman that the most important items we have to furnish anybody are the transportation and the food items, the agricultural items. May I ask the gentleman who determines what shall be allocated to lease-lend, or does the Lease-Lend Administration determine what it shall request from our transportation, our shipping, and our food supplies? Does the Lease-Lend Administration determine what that amount shall be, or who does determine it?

Mr. CANNON of Missouri. As has been explained, the Allies are invited to submit estimates of their most urgent needs. All the estimates are assembled and analyzed by the Lease-Lend Administration, which, in consultation with all who may be in a position to advise, agrees upon the amount, the volume, and the destination of the supplies. Judging the future by the past, I do not believe we could submit it to a more competent authority than the Lease-Lend Administration.

Mr. O'HARA. Who represents the needs of the Army and Navy as to shipping and food, and who represents the civilian population as to their needs of food in this consideration?

Mr. CANNON of Missouri. Those best qualified to pass upon the subject, the highest-ranking officials of the Army and the Navy, the Department of Agriculture, the Food Administration, and all others are in a position to contribute authoritatively to the solution of the problems involved.

Mr. WOODRUM of Virginia. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Virginia.

Mr. WOODRUM of Virginia. The gentleman will find on page 15 of the report this statement:

> Food requirements are determined by the War Food Administration of the Department of Agriculture after consultation with the Food Advisory Committee on which the Army, Navy, and Lend-Lease are among the agencies represented.

The Secretary of Agriculture, of course, is on that Advisory Committee, and he is the civilian representative.

Mr. O'HARA. Under subparagraph (a) of this appropriation appears the rather broad, general language that the amount of $4,452,623,000 is to be appropriated for agricultural, industrial, and other commodities and articles. Let me call the gentleman's attention to the item of farm machinery alone. We know when Lend-Lease started they took a lot of farm machinery and sent it across the water for our allies. I happen to know that in my district there are farmers who cannot get implements with which to produce the food or harvest it.

Mr. CANNON of Missouri. If they could get the machinery, if they could plant the food, and if they could harvest it, it would not serve the purpose of this

war as well as that produced in England and Africa. We are adopting a plan which, in the considered judgment of those best qualified to decide, and in whom this Congress and the American people have confidence, is best calculated to serve the Nation. I know there are men who have never been out of their own townships who can tell you how this war ought to be fought.

There are those who say we should send this kind of food and that kind of food, this kind of machinery and that kind of machinery, or that we should not send any at all; but the American people would not be willing to place the destiny of the Nation in the hands of such critics. They prefer to leave it to those who are in a position, through training and ability and tried experience, to direct the war, to decide these questions and who up to this time have registered 100 percent scores in their decisions. The Lend-Lease Administration has made that record up to date.

Mr. WOODRUM of Virginia. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Virginia.

Mr. WOODRUM of Virginia. The gentleman will also find on pages 8 and 9 of the report filed by the committee the statement that only $16,000,000 in dollar-value of machinery is contemplated to be included in this program. That is 3 percent of our production of farm machinery from the standpoint of implements, and 25 percent of that 3 percent is spare parts.

It was shown in the hearings that a very urgent request was sent to the Lease-Lend Administration by General Eisenhower that everything possible be done to send farm machinery and spare parts for the farm machinery we have had over there, because they had the labor there and they had the land there, and they could raise the food there so much more easily and in so much vaster quantities, thus avoiding the bottleneck of shipping. So the committee felt, and the Lend-Lease Administration felt, naturally, that the intelligent thing to do was to send what we could send and still not cripple American industry.

Mr. CANNON of Missouri. Exactly.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. This is regarding food, but not farm-produced food. I notice that the gentleman from Kentucky [Mr. O'NEAL] asked Mr. Stettinius a question relating to assistance to the fishing industry both in this country and abroad, and Mr. Stettinius replied that the Navy Department is releasing certain ships in order to aid the fishing industry, that we may have more fish. That is a very constructive thing, I feel, because we need it very much in New England as well as in other parts of the country.

Mr. CANNON of Missouri. Our fisheries are one of our great national assets in time of peace, and doubly so in time of war. They are especially important as a source of food at this time when meat is at a premium. The Government through the Navy is cooperating in every way possible to supply facilities for this purpose even at the risk of neglecting other demands for shipping.

Mrs. ROGERS of Massachusetts. I am very glad to get that information.

Mr. MURDOCK. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Arizona.

Mr. MURDOCK. The gentleman has persuaded me that it is well for us to furnish farm machinery to our allies for their production of food. If the gentleman will permit, I should like to accompany that statement by saying that I should like to see the prisoners taken in this war employed and put to work at the place they are now located in the production of food which is needed.

Mr. CANNON of Missouri. Such a plan would possibly render a service to prisoners who would prefer healthful, active, outdoor life, and at the same time contribute to the national economy. But, of course, the care and disposition of prisoners of war is under the strict interpretation of international law.

Mr. MANSFIELD of Montana. Mr. Chairman, I hope the gentleman will pardon me, but I still have some questions to ask in respect to China, which I hope can be answered. First, however, I want the gentleman to know that I have nothing but the greatest respect for Mr. Stettinius and his staff, and that as far as aid to England and Russia is concerned, I think it is both necessary and advisable. However, I think the Pacific area is just as important as the other areas in this war, and out there China is our most important ally. What are we going to do—send them one-half of 1 percent of our lend-lease goods again, with a lot of sympathy? You cannot fight a war with sympathy.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that the gentleman from Missouri may have permission to conclude his remarks.

The CHAIRMAN. Is there objection? There was no objection.

Mr. CANNON of Missouri. Let me ask the gentleman from Montana what he would suggest, and wherein he thinks the Lend-Lease Administration has been deficient.

Mr. MANSFIELD of Montana. I think it has been doing a good job, but I am a little bit disappointed at some of the remarks included in the report. For example, we were told at the beginning that if it required doing the impossible to send aid to China, it would be attempted, and now the words are that "we want to do for China as much as could be done" and that "we are going to send to China as much as could be sent her," and that we are requesting only so many dollars for China. Certainly there must be some way in which we can get to China by means of transport planes, caravan routes, or otherwise.

Mr. CANNON of Missouri. If the gentleman will supply that information to those in charge of the Allied campaign, he will become world famous overnight. Our contributions to China are limited only by our opportunities. We are sending to China everything we can get to her and whatever can be done is being done despite the incredible difficulties to be surmounted. There is only one line of access to China, and that is over the highest range of mountains in the world, at an altitude which it is difficult for planes to reach with unladen, much less with an appreciable cargo. We must be able to control both air and sea, and not until we can control the Indian Ocean as well as the Burma Road can we hope to supply the heroic armies of Generalissimo Chiang Kai-shek with even a modicum of the supplies they need. In the meantime, we shall deliver to China every dollar's worth of material and every ounce of supplies we can get through, and we will continue to increase it as rapidly as the military situation permits.

Mr. WOODRUM of Virginia. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Virginia.

Mr. WOODRUM of Virginia. Will the gentleman also point out that the amount of money allowed here for allocation of munitions and commodities and food to China, of course, is not limited in respect to what lend-lease can use, because under their present form of operation, they can divert anything anywhere.

Mr. MANSFIELD of Montana. They have a reserve fund?

Mr. WOODRUM of Virginia. Yes.

Mr. CANNON of Missouri. Not only lend-lease, but the military authorities, out of military funds, realize the urgent need of doing everything possible for China, and the only limitation is the matter of transportation, which, of course, is terrific. The only way we can get in there now is by transport planes. All of us will be happy when we are able to do more for China.

Mr. Chairman, in conclusion I may call attention to this fact, that the end of this war is not in sight. It is true we have won for the time being a victory in north Africa, but that victory has been after months more than we originally calculated it would take. It has been a victory over an enemy far removed from its source of supplies, and with total manpower of only 15 divisions of troops. We must now attack the Continent, where there are 226 divisions of crack German troops on the Russian line alone. We now enter upon the real campaign, against hundreds of divisions securely entrenched in the homeland, adjacent to bases of supplies, and on the defensive on their own hearth stone. A long war is ahead of us, a very expensive war. It will require men and money, and will involve heartbreaking losses. The smallest thing we can do is to provide food and these other supplies and services for our allies when they are giving their lives. I trust this bill to that end will have the unanimous approval of the House.

Mr. Chairman, I now yield 1 minute to the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Mr. Chairman, I am very proud of the record of my home county, Gaston, in North Carolina, whose quota for the Second War Loan was $1,891,200. The people of the county subscribed for $4,059,426.25, and I shall read the letter of Mr. Allen H. Sims, county chairman for the War Loan Committee, giving full facts in regard to the sales in the county:

The reason I have not written you sooner regarding the Second War Loan campaign in Gaston County was that the final figures have just come in.

On a quota of $1,891,200, our total sales were $4,059,426.25. Total sales were 214 percent of the county quota.

While the campaign was going on and after we had raised our original quota, the ladies of the county put on a special campaign to sell $350,000 of Series E bonds to purchase a bomber and name it Miss Gaston County. Total E bonds sales amounted to $573,506.25, which was more than one and one-half times the amount necessary to purchase the bomber. These E bond sales are included in the total given you above.

From these figures, I know you will get a just pride in the way your home county went over the top in this campaign. The remarkable thing about it is that there was practically no solicitation other than by the ladies on E bond sales. People just came in voluntarily."

With kindest regards, I am

Cordially yours,

ALLEN H. SIMS,

County Chairman, War Loan Committee.

Mr. TABER. Mr. Chairman, I yield myself 20 minutes.

Mr. KEARNEY. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. KEARNEY. Circumstances over which I have no control will prevent me from being in this Chamber when this bill is voted on. If I were present, I certainly would vote for the bill.

Mr. TABER. Mr. Chairman, this bill calls for an appropriation of $6,273,629,000. This bill, with the funds that we have heretofore been providing for the military authorities, and for lend-lease, and one way and another, makes a grand total of appropriations and contract authorizations of about $33,000,000,000. The expenditures for this fiscal year for war purposes are going to be just a little over $70,000,000,000. The public debt, as of this date, is approximately $135,000,000,000. This bill marks a new departure in handling lend-lease appropriations. Down to the 30th of April there were certain expenditures entered into for munitions, ammunition, airplanes, tanks, trucks, and other implements of war provided by both the Army and the Navy for those who are fighting with us.

Beginning with the 1st day of May those things will all be supplied out of the regular appropriations made direct to the Army and the Navy, and there will be nothing to show whether or not those things are to be chargeable to lease-lend in the long run, until actual delivery of the article. In other words, the Army and the Navy will contract for the articles of war and will get delivery of them, and there will be nothing whatever upon their books which will absolutely commit their purchase to lease-lend, until delivery is actually made. Of course, that same rule applies to anything that is purchased under lease-lend appropriations. If our soldiers or our war activities require the use of any of the things that are purchased with lease-lend funds, those things can be diverted by the Government to our own forces.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield at that point?

Mr. TABER. Yes; I yield.

Mrs. ROGERS of Massachusetts. I notice in Mr. Stettinius' report to the committee, at page 159, a statement regarding the use of money for China. I gather it is an added statement after the hearing. He speaks of a contingent fund of $377,000,000 and that some of that could be used for goods going to China. I think the response that Mr. Churchill received from the Congress the other day shows the intense and interested approval of any measure of aid for China and the great delight that England, through Mr. Churchill, has promised to go along with us in aid to China.

Mr. TABER. I can only say this, that down through the 11th of March only $158,000,000 of merchandise was shipped to China, lease-lend. Shipments since that date have been on a smaller scale than they were before the Burma Road was closed. According to my understanding, there is every disposition on the part of both the Army and the Navy and the Lease-Lend Administrator to provide anything that we can possibly get to China. There is a very general realization on the part of everyone connected with the war effort, including the Congress, of the absolute necessity of providing the Chinese with everything we can to permit them to carry on the war.

Mrs. ROGERS of Massachusetts. I am delighted to have the gentleman's statement.

Mr. TABER. I am sure before things go too far we will be able in some way to get a lot more goods and articles of war into China than we have been in the last year. Of course, in the first place, it probably means a breaking down of the Burma Road obstacles. Ultimately it means that perhaps we will have to find some way of breaking up, as soon as we can, the Japanese means of communication with their own homeland.

Mrs. ROGERS of Massachusetts. Of course, planes can be sent from some other area.

Mr. TABER. Planes may be sent in other ways, but not in every way, because the difficulties are quite severe.

Mrs. ROGERS of Massachusetts. Flying over the Himalayas, for instance?

Mr. TABER. Yes.

Mrs. ROGERS of Massachusetts. Is it not true that Russia is paying England for everything she gets from England—paying cash at the moment? I have been told that many times.

Mr. TABER. I have not heard that. It may be so.

Mrs. ROGERS of Massachusetts. I think the gentleman will find that is correct.

Mr. TABER. I did not know that; but it may be so. I will find out and put it in the RECORD at this point. I find that England has an arrangement with Russia similar to lend-lease.

Mr. MANSFIELD of Montana. Will the gentleman yield?

Mr. TABER. I yield.

Mr. MANSFIELD of Montana. That figure of $158,000,000 which you gave as the total amount of lend-lease aid to China represents, I believe, an increase of only $2,000,000 since the lend-lease report ending on the last day of December last year, according to the newspapers. It was my impression that lend-lease aid was being stepped up all over the world. That would show, I believe, in comparison, that aid to China has been going down instead of going up.

Mr. TABER. Except for this, that planes might be sent out of the Army appropriation. That is where they will be sent, together with all munitions and guns that it is possible to send them from this time forward, except for a very few minor deliveries, of such things that have not yet been delivered to lease-lend.

Mr. MANSFIELD of Montana. In the gentleman's opinion, then, these figures would not necessarily give the true story?

Mr. TABER. Not the complete story. On the other hand, there is no question but that the volume is nothing like what we wish it was.

Mr. MANSFIELD of Montana. One further question. A number of remarks have been made today about there being only one route into China by means of which supplies could be sent and that is by planes over the Himalayas. I should like to call to the gentleman's attention that there is another route from Russia via the Turk-Sib Railway into the western Province of Sinkiang, and from there by caravan down to Chungking itself. Furthermore, it is my impression that all Allied planes being used over the Himalaya Mountain route have been the larger transport planes, and consequently should be able to carry more in the way of supplies, which, of course, would include gasoline.

Mr. TABER. Of course, it takes a lot of gasoline to operate these planes. They do not have as much pay load as they have going to some other places.

Mr. ANGELL. Will the gentleman yield?

Mr. TABER. I yield.

Mr. ANGELL. Can the gentleman give us the figures on the total amount that has been appropriated and expended or used by lease-lend up to this time?

Mr. TABER. Down to the 11th of March there had been something like $9,300,000,000 actually delivered.

At the time we held our hearings there had been approximately $11,000,000,000. This, of course, does not mean that that much goods has been delivered; it means that we have spent that much out of the appropriation. For instance, of this appropriation, $6,273,000,000, $1,500,000,000 is for the transportation of goods on the high seas and $270,000,000, or approximately that, is for the repairs to ships, either transport ships or warships

of other nations that are repaired in our shipyards.

The amount of expenditures in 1941 was $1,366,000,000; in 1942, $6,993,000,000; in 1943 through March, $1,261,000,000; a total of approximately $9,000,000,000; and then there is the month of April. So these expenditures added together would amount to something more than probably $10,000,000,000 right now.

Mr. ANGELL. May I ask what are the over-all figures of authorizations and appropriations for lend-lease?

Mr. TABER. The total lend-lease appropriations to date are $18,400,000,000. This might not be the right number of millions, but it is approximately correct.

Authority to the Army and the Navy to transfer goods runs into approximately $36,000,000,000 and to the Maritime Commission to lease ships to quite a considerable item, perhaps five or six billions. The Navy has the right in addition to that to transfer ships that have a cost or book value not exceeding $3,900,000,000; so probably there are forty-six or forty-eight billion dollars on top of the $18,000,000,000 that might be used.

Mr. ANGELL. One further question: If I remember the figures when we had this matter up before it was around $63,000,000,000.

Mr. TABER. It is not far from that. I think it is a little above that which might be used.

Mr. ANGELL. And would not include the amount carried in this bill.

Mr. TABER. No; that would make a total of $70,000,000,000.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. KNUTSON. I should like to call the gentleman's attention to page 139 of the hearings if he has them handy.

Mr. TABER. Yes; I have them open here.

Mr. KNUTSON. I call the gentleman's attention to the fourth column of the table: India, China, Australia, New Zealand, with a grand total of $1,155,000,000 in round figures. Can the gentleman state for the information of the House just what part of the $1,155,000,000 went to China?

Mr. TABER. I have not the exact figures in mind, but they are in the hearings somewhere. As of the 11th day of March I have figures which I can give. They are these: China $158,000,000; India $595,000,000, Australia $452,000,000, and New Zealand $139,000,000.

Mr. KNUTSON. Does that seem to the gentleman to be an equitable distribution? China of all the countries that the gentleman has named, China is the only one that might be termed a battleground; Australia is not, India is not, New Zealand is not. Would the gentleman refresh my memory by reading the figures again?

Mr. TABER. Certainly; China $158,000,000, India $595,000,000, Australia $452,000,000, and New Zealand $139,000,000.

Mr. KNUTSON. China has had less than 10 percent of the amount that has gone into that territory.

Mr. TABER. Not less, but not much more.

Mr. KNUTSON. It is no wonder that she is just on the verge of giving up. We ought to have a better distribution of war material over in the Orient.

Mr. TABER. It is perfectly apparent that the British and the United States forces underestimated the power of the Japanese. I do not know as they are blameworthy for it, but it is perfectly apparent; and the Japanese at the present time have gone so far into the approaches to China both by sea and by land that it is absolutely impossible at the present time for us to get any more to them.

The CHAIRMAN. The gentleman from New York has consumed 30 minutes.

Mr. TABER. Mr. Chairman, I yield myself 10 additional minutes.

Mr. KNUTSON. I should like to pursue this just a little further if the gentleman has the time.

Mr. TABER. I will take the time. I yield to the gentleman.

Mr. KNUTSON. It is possible at least to fly planes into China even though the Burma Road is closed.

Mr. TABER. Yes; and it is being done just as much as possible with what facilities we have available. Large transport planes are being flown in there from India; large quantities of materials are being carried into India and we are trying the very best we can to get equipment to China; but until we can break the Japanese control of the Burma Road or make an approach by sea, which probably will be more difficult, we cannot get a lot more material into China.

Mr. KNUTSON. How in the world are we ever going to open the Burma Road as long as we withhold supplies from China?

Mr. TABER. We have got to open up the Burma Road in order to get in there.

Mr. KNUTSON. You can fly some of it in, at least.

Mr. TABER. Well, we are; just as much as the transport planes will permit.

Mr. BREHM. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Ohio.

Mr. BREHM. Is it not true that 2,000,000 English are now being held at bay by 60,000 Japs which prevents the opening of the Burma Road? If that is true we are never going to get into China.

Mr. TABER. I do not believe the situation is quite on that scale.

Mr. BREHM. According to the papers it is.

Mr. TABER. I doubt if that is the picture.

Mr. O'CONNOR. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Montana.

Mr. O'CONNOR. Referring back to the amount that has been heretofore appropriated and carried in this bill for lend-lease purposes, I would like to be clear upon that point. Did I understand the gentleman to say that heretofore we have appropriated in excess of $11,000,000,000? Then I see this bill carries $6,200,000,000 more.

Mr. TABER. We have heretofore appropriated $18,400,000,000, or a little more than that, but not much, and this bill carries $6,273,000,000.

Mr. O'CONNOR. A total appropriation of approximately $24,000,000,000?

Mr. TABER. Twenty-five billion dollars.

Mr. O'CONNOR. We will have available when this bill is passed in the neighborhood of $8,000,000,000 out of that fund to carry on this program, according to the report?

Mr. TABER. Operating from the 1st of May. The allotments for obligations are set up at about $750,000,000 a month right through to the end of 14 months, or the 30th of June 1944.

Mr. O'CONNOR. Carrying that through, we then have used in the neighborhood of $16,000,000,000 for this purpose?

Mr. TABER. No; $25,000,000,000.

Mr. O'CONNOR. As I understand, we have already appropriated $18,000,000,000?

Mr. TABER. Yes; and this makes $6,000,000,000 more.

Mr. O'CONNOR. Which total $24,000,000,000.

Mr. TABER. Yes; eighteen and one-half billion dollars and six and one-half billion dollars.

Mr. O'CONNOR. According to the report, we will have available after we pass this bill $8,000,000,000.

Mr. TABER. Which will carry us through to the 30th of June next year.

Mr. O'CONNOR. Showing that we have used between sixteen and seventeen billion dollars.

Mr. TABER. We have not used it yet, but we will have to as the goods are delivered which have already been ordered.

Mr. O'CONNOR. Here is what I am getting at: Can the gentleman give me these figures—and I have a lot of faith in the gentleman, because I know he watches the Treasury—can the gentleman give me the figures as to the value in money of the imports on lease-lend account that we have received from these various countries to whom we have been shipping these lease-lend goods?

Mr. TABER. I have not those figures in my head. I do know that there are a lot of things that I did not know about when I started these hearings. For instance, when we started to operate on our appropriations 2 years ago Great Britain was raising approximately 40 percent of her foodstuff. Today, as the result of the opening up of a lot of her land, she is raising 60 percent. On top of that she is supplying such things as potatoes and fresh vegetables to our troops that are quartered over there.

Mr. O'CONNOR. Maybe we could get some potatoes from her after the soldiers are fed.

Mr. TABER. We used to get lots of them from Ireland in the old days.

Mr. O'CONNOR. We ought to get some from Ireland. We cannot get them at home.

Mr. TABER. They seem to have tightened up. I do not know what is the matter with them.

Mr. O'HARA. Can we get a little gas, too?

Mr. TABER. Australia at the present time is providing all the meat to feed our troops that are quartered over there. New Zealand is providing for those that are in her territory. It is absolutely impossible, the way the thing is run, to say very much about the dollar value. Probably the dollar value of the meat that we are getting out of Australia will run in this fiscal year to somewhere around four or five hundred million dollars, almost as much as our lease-lend contribution in that direction.

Mr. O'HARA. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Minnesota.

Mr. O'HARA. May I say to the distinguished gentleman from New York that I appreciate the splendid work he does on the Appropriations Committee. He has given us some very worth-while information as to the amount of money which has been appropriated for national defense purposes and for lease-lend purposes, which I understand is around $330,000,000,000. I wonder if the gentleman can give us any information as to what the future policy or expenditures are going to be as to national defense with reference to lease-lend, as to the length of the war, and so forth? What I am getting at, as the gentleman realizes, is this: Just how far can we go?

Mr. TABER. When we stop going, now that we are all wound up, we have enlisted in Mr. Hitler's slave army. I am not ready to get to that point yet. I am going to keep going just as long as I can. I will be perfectly frank with the gentleman. I cannot figure how we are going to bear the debt. On the other hand, we have done a lot of things that could not be figured out in days gone by and I am not enough of a pessimist to believe it is time to quit.

Mr. O'HARA. The gentleman does not mean to infer I am willing to yield or to give up?

Mr. TABER. Oh, no; not for a minute.

Mr. O'HARA. What I am getting at is the debt situation.

Mr. TABER. Oh, the debt situation is terrible and I will be perfectly frank with the gentleman, it staggers me. We are not going to have any more than $30,000,000,000 of taxable income in the Treasury. How about that, Mr. KNUTSON?

Mr. KNUTSON. We are raising now about $25,000,000,000. They want $16,000,000,000 more. That means we will have to get a priority on some printing presses.

Mr. TABER. That may be.

Mr. KNUTSON. Will there be enough money left in the Treasury when this thing is over with which to build a monument to the author of our misfortunes?

Mr. TABER. I do not believe anybody would become excited about building monuments, because after all, after the war is over, we will be busy taking care of our own recovery to meet our future needs.

Mr. CURLEY. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. CURLEY. We seem to be laying tremendous stress on the importance of opening up the Burma Road. I have been informed by very competent Chinese authorities who are familiar with the terrain of that part of the country, and have been for years, that it is possible to bring in more by planes in a single day than has ever been brought in over the Burma Road in an entire month.

Do you find any particular group that is hostile to an all-out program for China?

Mr. TABER. No.

Mr. CURLEY. Under lend-lease, or under any other allied program?

Mr. TABER. No. Mr. Stettinius, when he was before our committee, expressed great interest in doing our part toward getting things to China.

The CHAIRMAN. The time of the gentleman has expired.

Mr. TABER. I yield myself 8 additional minutes.

Mr. CURLEY. I might add, with the gentleman's permission, I have been informed by one of the Chinese generals who has been in the war all the time, from the beginning, that if they had 500 bombers and fighting planes they could drive the Japanese out of China.

Mr. TABER. That would be a great accomplishment.

Mr. CURLEY. And they could do it in 6 weeks, and we could move in through the back door and save the lives of hundreds of thousands of American boys; and I wonder if you could tell us the position of those having something to do with providing aid, whether aid is being given to China in the proportion that should be given because of the importance of that great country and of its manpower in winning the war.

Mr. TABER. I could not answer that.

Mr. CURLEY. I would like to know.

Mr. TABER. I wish I could, but I am afraid I cannot.

Mr. Chairman, I have one or two more items I would like to cover.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. KNUTSON. Several days ago the newspapers published a table showing that the United States is spending more money in the war than all the other belligerents combined. Did your committee look into that phase of it?

Mr. TABER. I did not look into that phase. I did look into the question as to how much other nations were spending and how much we were spending, and this is the information as I have it.

The United States, $70,000,000,000; the British, approximately $19,600,000,000; Australia, $5,258,000,000; Canada, $4,900,000,000; Germany, is about $30,000,000,000.

That is as far as I went into it.

Mr. KNUTSON. What period does that cover?

Mr. TABER. It is for the annual expenditures for the fiscal year 1943, similar to our fiscal year.

Mr. DONDERO. Will the gentleman yield?

Mr. TABER. Yes.

Mr. DONDERO. That does not include Russia?

Mr. TABER. No.

Mr. KNUTSON. Will the gentleman yield for another question?

Mr. TABER. Yes.

Mr. KNUTSON. How does that total up?

Mr. TABER. It totals up to about six-sevenths of ours. These United Nations total up, without Russia, to about half of ours. Germany and the other United Nations, exclusive of Russia, would total up to just about half of what ours is.

Mr. KNUTSON. Then it may be proper to say that we are spending fully as much as the belligerents combined?

Mr. TABER. Oh, no; no; I do not think so, because when you come to figure in Germany and Russia, it would probably be some 50 per cent more than ours, figuring the total figure, over-all.

Mr. KNUTSON. Is that exclusive of the lend-lease money?

Mr. TABER. No; lend-lease money is figured in ours.

Mr. KNUTSON. Is it figured in there?

Mr. TABER. No, not as an expenditure by them.

Mr. KNUTSON. How do they carry lend-lease in these countries if they do not carry it as an expenditure?

Mr. TABER. As a receipt.

Mr. KNUTSON. A receipt.

Mr. TABER. I have one more thing I must say. In checking up on something appearing in the paper with reference to the lend-lease, in the last few days, I have contacted Mr. Stettinius about those things. I have found this, that the radios that were referred to in that article in the newspaper, that were sent to India, were sent to India, and they are now being sold there for the account of this Government, and that that was done as soon as it was brought to Mr. Stettinius' attention. The other items where India was referred to in the article, went to India for military purposes. Mr. Stettinius advises me that he is prepared to furnish any information to any Member of Congress at any time he can do so. He told me that when he was unable to furnish information, it was because he was required to be before the Committee on Appropriations on the hearings, and that he could not do two things at once.

Of course, there are some of these figures that have to be given to the committee in confidence. It would not do to tell our enemies just exactly what we intend to do, but any Member of Congress is entitled to have the books opened for his benefit, with the understanding that it will be kept confidential. I am sure that no one would have a right to find fault with the attitude which Mr. Stettinius has expressed to me, and my hope is that when any Member of the House who feels that he has any question which should be asked of Mr. Stettinius, that he will approach him with that in mind.

I might add that I have been over with Mr. Stettinius the questions which the gentleman from Ohio [Mr. JONES] asked of Mr. Stettinius in a letter—68

questions—and that I have here the answers insofar as they are available. Some are of confidential information and some cannot be answered, but I am sure that Mr. Stettinius has no desire to keep any of us in the dark as to the actual operations of lease-lend.

Of these figures brought here, approximately $2,800,000,000 are for food, $7,200,000,000 for industrial products; $1,500,000,000 for transportation by sea, and about $250,000,000 for repairs and outfitting the vessels that have to be made as the result of wear and tear that comes to them.

I have tried to yield as I have gone along and cover the ground as thoroughly as possible, and to answer any questions that might be asked. Personally, I do not see how we can avoid meeting our responsibility to provide for those things which will keep our allies fighting—Russia, Great Britain, China, India, Australia, and all the rest of our allies. I hope that this bill will receive the approval of the House.

Mr. Chairman, I yield 20 minutes to the gentleman from Massachusetts [Mr. WIGGLESWORTH].

(Mr. WIGGLESWORTH asked and was given permission to revise and extend his remarks in the RECORD.)

Mr. WIGGLESWORTH. Mr. Chairman, as has been pointed out, this bill carries a total of $6,273,000,000, or $150,000,000 less than recommended by the Bureau of the Budget. Added to $2,057,000,000 unobligated funds from prior appropriations, the bill will make available for a 14-month period commencing with May 1 of this year the sum of $8,331,000.000.

As the Members will note from the report, there have heretofore been made direct lend-lease appropriations amounting to $18,410,000,000. Of this total $16,300,000,000 has been obligated or committed, leaving an uncommitted balance for reappropriation amounting to $2,057,000,000.

The record indicates that to date there has been actually exported under Lend-Lease $9,800,000,000 from direct appropriations and an additional $1,200,000,000 under the authorizations accorded the Army, the Navy, and the Maritime Commission in previous acts, or a total of $11,000,000,000.

This total is roughly divided between commodities, $9,100,000,000, and services, $1,900,000,000.

Speaking very roughly, distribution has been made to the United Kingdom to the extent of about 40 percent, to Russia to the extent of about 30 percent, and to our other allies to the extent of 30 percent. It is very encouraging and heartening, I think, to note the statement by Mr. Stettinius to the effect that to date less than 5 percent of lease-lend shipments have been lost by sinkings.

The committee will find a brief statement as to reciprocal lend-lease in the committee report and a more detailed statement in the committee hearings, pages 30 to 35, inclusive. You will note among other things that the United Kingdom has provided something over 1,362,000 tons of articles and equipment exclusive of construction materials, and something over 2,177,000 tons of construction materials in addition to airfields, barracks, hospitals, and various other items specified in the hearings.

You will note that Australia and New Zealand are said to have provided more food per capita under reciprocal lend-lease than we have provided per capita under lend-lease proper; also that Australia and New Zealand are said to have provided more beef, veal, lamb, and mutton than we have provided to all lease-lend countries. The contributions of Russia and India are also referred to briefly at this point in the hearings.

The request before us represents a slash by the Lend-Lease Administration equivalent to 19 percent in dollars and 30 percent in tonnage. That is to say, the original Allied requests upon the Lend-Lease Administration amounted to something over $10,000,000,000 and called for about 26,000,000 tons of dry cargo. The requests were reduced by the Lend-Lease Administration to $8,481,000,000 or thereabouts and to about 19,400,000 tons of dry cargo. A further reduction has been made by your committee as already stated amounting to $150,000,000.

Under leave to extend my remarks, I insert at this point two or three tables from the hearings, one a brief summary entitled "Why We Are Asking for Additional Funds," prepared by the Lend-Lease Administration; the second, "A Statement of New Funds Requested," by categories; and the third, a statement entitled "Budget Details by Fiscal Code," which goes into somewhat more detail:

WHY WE ARE ASKING FOR ADDITIONAL FUNDS

	In billions of dollars
1. Since March 1941 there has been appropriated to the President specifically for lend-lease purposes, a total of	18.4
2. By Apr. 30, 1943, we had placed contracts totaling 14.5 billion and an additional 1.8 billion had been committed for projects in process. Thus we had used a total of	16.3
3. This left us with "free funds" amounting to	2.1
4. For the next 14 months, from Apr. 30, 1943, through June 30, 1944, we estimate that our requirements will be	8.5
5. We are therefore requesting new funds amounting to	6.4
6. We are going to use this money to buy food, industrial materials, and other essential items and services, for lend-lease countries. The amounts going to each will depend upon the strategical conditions when the goods are ready for delivery. The tentative break-down is as follows:	

	Millions of dollars	Long tons	
		Dry cargo	Wet cargo
Russia	2,500	5,600,000	200,000
United Kingdom	4,213	8,800,000	14,200,000
Australia and New Zealand	328	700,000	2,500,000
Other British	167	700,000	100,000
India and China	252	800,000	300,000
Other countries	637	2,800,000	500,000
Total	8,097	19,400,000	17,800,000

7. The money will be used in about the following proportions:

	In millions of dollars
Shipping and other services	$2,345
Agricultural products	2,860
Industrial materials:	
Petroleum products	752
Iron and steel	713
Nonferrous metals	392
Machinery and equipment	504
All other commodities	915
Total	3,276
Grand total	8,481

Tonnage of agricultural products and industrial materials is as follows:

Dry cargo

	Long tons
Agricultural products	9,000,000
Industrial materials:	
Iron and steel	6,500,000
Nonferrous metals	500,000
Other (exclusive of petroleum products)	3,400,000
	19,400,000

Wet cargo

Petroleum products (22,100,000 ship tons)	17,800,000

Fourth lend-lease appropriation—statement of new funds requested

[Thousands of dollars]

Category	(1) Available funds as of Apr. 30, 1943 (before transfer)	(2) Requirements May 1, 1943, to June 30, 1944 (14 months)	(3) Available funds as of Apr. 30, 1943 (after transfers)	(4) 1944 estimates available immediately
1. Ordnance and ordnance stores	335,407			
2. Aircraft and aeronautical material	114,403			
3. Tanks and other vehicles	99,208	58,162	58,162	
4. Vessels and other watercraft	127,002	1,679,661	127,002	1,552,659
5. Miscellaneous military equipment	12,141			
6. Production facilities in United States	8,190			
7. Agricultural and industrial commodities	963,720	6,077,530	1,474,907	4,602,623
8. Servicing and repair of ships, etc	19,952	279,300	19,952	259,348
9. Services and expenses	377,473	377,473	377,473	
10. Administrative expenses		8,999		8,999
Total	2,057,496	8,841,125	2,057,496	6,423,629

Budget details by fiscal code

Fiscal code	Description	Total
241	Trucks	$31,440,000
243	Other automotive vehicles	1,585,925
244	Miscellaneous automotive supplies, etc	25,136,316
	Total, category 3	58,162,241
310	Watercraft	81,907,000
320	Equipage, services and supplies	183,000,000
330	Rental and charter of vessels	1,414,754,000
	Total, category 4	1,679,661,000
611	Dairy products and eggs	643,222,000
612	Meat, fish, and fowl	1,061,616,000
613	Fruits and vegetables	168,202,000
614	Grains and cereal products	364,174,300
615	Sugar, chocolate, and saccharine	163,441,300
616	Lard, fats, and oils	281,777,000
619	Other foodstuffs	12,099,000
	Subtotal, food	2,694,531,600
621	Cotton	113,445,000
623	Tobacco	40,645,000
629	Other nonfoodstuffs	11,572,100
	Suhtotal, agricultural nonfood	165,662,100
632	Agricultural implements	16,642,320
633	Road-building equipment	23,768,800
634	Electrical equipment	185,489,937
635	Fire-fighting equipment	4,217,449
636	Railroad equipment	62,429,000
639	Other machinery	153,376,000
641	Iron and steel	713,255,097
642	Copper and brass	200,472,775
643	Aluminum	81,759,551
644	Zinc	18,505,100
645	Lead	1,067,100
648	Other metals and alloys	73,031,943
649	Nonmetallic minerals	17,000,293
652	Phosphates	8,100,562
659	Other chemicals	110,453,729
660	Petroleum products	752,020,000
670	Textiles and clothing	289,756,775
680	Timber products	88,486,558
686	Civilian medical supplies	98,000,000
690	All other commodities not otherwise classified	319,503,000
	Subtotal, industrial and other commodities	3,217,335,989
	Total, category 7	6,077,529,689
710	Servicing of vessels, total, category 8	279,300,000
	Grand total, all categories except 9 and 10	8,094,652,930
	Total, category 9	377,473,002
	Total, category 10	8,999,000
	Grand total	8,481,124,932

The Committee will note that no funds are to be expended under this appropriation in respect to category 1, ordnance; category 2, aircraft; or category 5, miscellaneous military equipment, as these items will be provided out of War and Navy Department appropriations; or category 6, production facilities in the United States.

Funds are to be expended for administrative expenses, under category 10, about $9,000,000; for trucks to be shipped to China, under category 3, $58,162,000; for what is really a reserve against contingencies, under category 9, $377,473,000; for repairs and charter hire, under categories 4 and 8, $1,900,000,000, or thereabouts; and for food, agricultural implements, and industrial commodities, under category 7, $6,077,530,000.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. Did the gentleman take up with Mr. Stettinius the fact that it is possible for the British to use some of the money and supplies that are going to India to construct more airfields for sending planes to China and some of the war equipment, planes, and so forth; also that every month at the present time some 2,500 tons of freight are carried over the Himalaya Mountains, and almost every day without exception a plane or planes flies into China and from China back to India? It seems to me that it is a matter of plain arithmetic. If we send more airplanes and if the British would help build more landing fields in India, we could send more planes to China. It has been pointed out by a very reliable authority, it is true, that 2,500 tons of freight a month are flown from India to China. If the planes go in daily and come out daily, I can see no reason why we cannot give the Chinese more planes and get more supplies in there. The C. N. A. C. and our Ferry Command fly planes constantly from India to China over the mountains and during the monsoon.

Mr. WIGGLESWORTH. I may say to my colleague that I am in entire sympathy with her desire and with the desire of the Congress as a whole to do everything humanly possible to help China as much as possible. I do not think I can add anything specifically in answer to her question that has not already been covered in the course of this debate.

Generally speaking, the record indicates that the principal demands of China are for heavy fighting equipment, that provision of that type of help depends largely on transportation facilities, and that the Lend-Lease Administration and all others in the picture are prepared to do everything within their power consistent with available facilities.

Mrs. ROGERS of Massachusetts. Does the gentleman have available figures as to the amount of money that is going to India or as to the type of supplies?

Mr. WIGGLESWORTH. I do not have those figures.

Mrs. ROGERS of Massachusetts. Will the gentleman have any objection to my putting them in at this point if I can secure them?

Mr. WIGGLESWORTH. No; I have no objection.

Mrs. ROGERS of Massachusetts. I thank the gentleman.

(Figures not supplied.)

Mr. WIGGLESWORTH. In connection with the money for charter hire under the Maritime Commission, I should like to call attention in passing to the testimony of Admiral Land at page 63 of the hearings referring to the Red Sea charters and the enormous profits made under them which have been discussed previously in this House. It will be noted that the admiral expresses his chagrin in this connection and indicates that some readjustment has been made and that further readjustments are likely to be made with a view to improving the picture.

Members of the committee will note that the food item, category 7, is divided into three parts; first, for food itself, $2,694,000,000 plus; second, for agricultural implements, $16,642,000 plus; third, for industrial commodities $3,275,000,000 plus.

The record indicates that the total food furnished under lend-lease for the current fiscal year amounted to something like 6 percent of our total production, and that it is hoped to increase this percentage to 10 percent in the coming fiscal year.

Under leave to extend my remarks, I insert at this point in the RECORD a table showing lend-lease shipments of principal food items in relation to our national supply in 1942 and in the first 3 months of 1943:

Lend-lease shipments of principal food items in relation to supply for 1942 and the first 3 months of 1943 are shown by percentages in the following table:

	1942	First 3 months, 1943
All meats (dressed-weight basis)	5.0	7.7
Beef	.2	1.0
Veal	0	0
Lamb and mutton	.4	18.2
Pork	9.7	12.8
All milk products (fluid-milk equivalent)	3.4	1.9
Dry whole milk	6.1	3.1
Dry skim milk	23.0	40.0
Condensed and evaporated milk	7.2	13.9
Butter	.7	.5
Cheese	23.1	4.6
Fats and oils	13.2	13.3
Eggs, dried (shell-egg equivalent)	10.0	15.3
Fish, canned and frozen	7.1	12.9
Canned vegetables	.8	.7
Canned fruits and juices	1.7	1.2
Corn and corn products	.1	.1
Wheat and wheat products	.3	.4
Dried beans	5.0	16.8
Dried peas	6.0	10.8
Dried fruit	15.7	21.8

To me it was amazing to be told that despite lend-lease shipments the people in America as a whole had more food in 1942 than in any year in our history. Apparent shortages are explained by Secretary Wickard, as the result of increased consumption by those in the armed forces, and by those in the lower-income brackets, who have been earning increased compensation. I include at this point a table furnished by the Secretary in this connection:

United States: Civilian consumption of food products, per capita, in 1941 and 1942 compared to 1935–39 average

Item	Per capita consumption			1941, as percent of 1935–39	1942, as percent of 1935–39
	1935–39 average	1941	1942		
Meats (dressed weight):	*Pounds*	*Pounds*	*Pounds*		
Beef and veal	63.1	69.0	69.5	109	110
Lamb and mutton	6.7	6.9	7.3	103	109
Pork	56.5	68.0	62.8	120	111
Total	126.3	143.9	139.6	114	111

United States: Civilian consumption of food products, per capita, in 1941 and 1942 compared to 1935–39 average—Continued

Item	Per capita consumption			1941, as percent of 1935–39	1942, as percent of 1935–39
	1935–39 average	1941	1942		
Fish (dried weight):					
Fresh frozen	6.6	6.0	5.7	91	86
Canned	5.2	4.9	3.3	94	63
Cured	1.2	.9	.8	75	67
Poultry products:					
Eggs	37.5	39.3	40.0	105	107
Chickens	18.0	19.5	21.9	108	122
Turkeys	2.7	3.6	3.8	133	141
Dairy products:					
Total milk	806.5	814.0	854.1	101	106
Butter	16.8	16.0	16.0	95	95
Cheese	5.6	6.1	6.4	109	114
Condensed and evaporated milk	16.8	18.4	19.7	110	117
Ice cream	9.6	13.7	15.2	143	158
Dried whole milk	.13	.17	.13	131	100
Malted milk	.11	.13	.15	118	136
Fluid milk and cream	342.3	350.1	381.1	102	111
Fats and oils:					
Lard	11.0	14.3	14.0	130	127
Compounds (fat content)	11.9	10.5	8.9	88	75
Margarine and oils	2.3	2.2	2.3	96	100
Other fats	6.3	8.4	8.5	133	135
Total (fat content)	31.5	35.4	33.7	122	107
Fruits:					
Fresh (except melons):					
Citrus	48.2	57.5	55.2	119	115
Apples	43.1	36.3	32.9	84	76
Other	59.1	60.3	46.1	102	78
Canned fruits	15.0	20.0	15.5	133	103
Canned juices	5.2	10.6	6.1	204	117
Frozen	.7	1.2	1.5	171	214
Dried	6.1	3.7	4.1	61	67
Vegetables:					
Fresh:					
Leafy, green, and yellow	82.1	78.6	81.7	96	100
Tomatoes	23.7	25.7	25.9	108	109
Melons	39.5	38.5	33.3	97	84
Other	61.5	63.6	65.9	103	107
Canned	30.0	42.4	40.9	141	136
Potatoes	130.7	127.1	125.1	97	96
Sweetpotatoes	23.4	20.9	21.4	89	91
Beans, dry	8.9	8.8	8.4	99	94
Peas, dry	1.2	1.2	.9	100	75
Sugar	97.0	105.1	87.3	108	90
Grains:					
Wheat	222.4	220.1	224.2	99	101
Rye	3.9	3.8	3.9	97	100
Rice	5.8	5.5	6.2	95	107
Corn	57.3	64.8	74.7	113	130
Oats	6.9	7.1	7.9	103	114
Barley	21.6	22.6	27.2	105	126
Coffee	14.0	16.1	13.5	115	96
Tea	.7	.8	.5	114	71
Cocoa	4.4	4.8	3.4	109	77
Index of food consumption 1935–39=100	100.0			111	109

Mr. Chairman, this bill is a difficult bill to present on the floor of the House. It is difficult to present because of the fact that only part of the evidence appears in the hearings of the commmittee. A large part of the evidence is necessarily off the record, necessarily confidential, and available only through the confidential files of the Committee on Appropriations.

I can say, however, as far as the past is concerned, that the committee has been furnished with a detailed statement. There is a general summary in the eighth quarterly report to Congress on lend-lease operations dated March 11, 1943, but a statement in much greater detail was furnished your committee in confidence, showing by country, by commodity, and by dollar value lend-lease expenditures made heretofore. That statement and every item in that statement, we were advised, has supporting documents in the files of the Lend-Lease Administration.

As far as future expenditure is concerned, your committee was also furnished by the Lend-Lease Administration with a very complete and very detailed statement. It was 59 pages in length, showing by country, by commodity, by unit, and by dollar value just what is expected to be done with the appropriation now under consideration. The percentage of total production was shown for every item included in its statement. Of course the statement is not binding. It is an estimate, but it is a very careful and a very detailed estimate. That statement is contained in the confidential files of the committee.

Mr. CLASON. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. Yes.

Mr. CLASON. The gentleman stated that some of the evidence given to the committee does not appear in the printed hearings. Can the gentleman tell us whether or not any petroleum products—gasoline or fuel oil—is to be shipped out of this country under the lend-lease program for use of civilian populations in other countries?

Mr. WIGGLESWORTH. The gentleman from Massachusetts will find in the concluding pages of the hearings, commencing at page 183, a statement by Mr. Duce, Foreign Division, Petroleum Administrator for War, in this connection. The answer is that a certain amount of petroleum products is to be shipped out for military purposes, but Mr. Duce testified that in his opinion, whatever these shipments might amount to, there would be available in addition enough for essential minimum domestic needs.

Mr. CLASON. Does the whole testimony before the committee satisfy the gentleman that there is going to be sufficient fuel oil and gasoline for the people of New England during the coming year and the next winter?

Mr. WIGGLESWORTH. I do not suppose the gentleman or I or anyone else can predict with accuracy what the demands of the Army and Navy are going to be, but I think this is an authoritative statement, which came in answer to the question which I asked Mr. Duce specifically. His answer indicates, in the light of foreseeable Army and Navy demands, sufficient oil for essential minimum domestic needs. including the east coast.

Mr. CLASON. But insofar as petroleum products going abroad for civilian consumption, it seems to me that before any of it comes under this lend-lease program, consideration should be given to the needs of our own people, and at the present time our share of all kinds of petroleum products.

Mr. WIGGLESWORTH. I think that all the petroleum products contemplated here are for the war effort.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. Yes.

Mr. VORYS of Ohio. The gentleman described the elaborate confidential statements filed with the committee, but the gentleman did not say whether the committee had gone over those statements and had given consideration and study to the flow of lend-lease materials all over the world. In the hearings before the Foreign Affairs Committee, when extension of lend-lease was under consideration, although the Administrator offered to give us detailed statements and descriptions of lend-lease, country by country, the committee never saw fit to avail itself of the offer, so that the extension of lend-lease was made without any detailed study by any committee of the House. Of course, we must place great reliance on the administration of lend-lease and the Army and the Navy Combined Staff.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. TABER. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. VORYS of Ohio. Of course, we must rely on the Lend-Lease Administration in large measure, but what concerns me is that no one in the Congress may be actually reviewing the records that they are willing to submit in confidence. Those of us on the floor—I myself—must take the record on faith because the record is not available to me here. When it was available my committee did not avail itself of it. Can the gentleman give us any assurance as to the analysis and study that the gentleman and his colleagues on the Appro-

priations Committee and subcommittee have given to the flow of lend-lease materials, war materials, and other kinds to various countries?

Mr. WIGGLESWORTH. Answering the gentleman from Ohio [Mr. VORYS], I may say that Mr. Stettinius furnished the committee with a statement, to which I have referred; a statement only recently completed; a statement almost as large as the table from which I am speaking, 59 pages in length, with every item in detail as I have described, according to the estimates for the next 14 months. He also furnished the committee with various charts, exhibits, and statistics in addition to this statement. Your committee spent several days going over this secret document, page by page and item by item, obtaining the best possible picture they could obtain under the conditions by which we are confronted to which the gentleman from Ohio has already referred.

I want to supplement this statement by saying, as I think the gentleman from New York [Mr. TABER] has already stated, that Mr. Stettinius has stated to me personally that he will be happy to furnish any Member of Congress with any information concerning lend-lease that he may desire, just so long as the request falls outside the limits necessarily prescribed by military and naval secrecy. I regret it is impossible to bring the details to the Members of the House, but we are necessarily in that position, as we have been heretofore.

Mr. RIZLEY. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield.

Mr. RIZLEY. As I understand, there has heretofore been appropriated directly for lend-lease purposes $18,400,000,000. Is that correct?

Mr. WIGGLESWORTH. $18,410,000,000.

Mr. RIZLEY. How much of that has been actually expended?

Mr. WIGGLESWORTH. Of that, $9,800,000,000 has been actually exported, as I understand it. That is, spent and turned over to the Allies. Of the total, $16,300,000,000 has been obligated or committed. So of the total there remains a balance of $2,057,000,000 which are free.

Mr. RIZLEY. In addition to the direct appropriation of $18,410,000,000, we have also indirectly appropriated, earmarked for lend-lease, about $45,000,000,000, have we not?

Mr. WIGGLESWORTH. It depends a little on how you look at it. The gentleman will find at page 47 of the last lend-lease quarterly report, dated March 11, a break-down of all categories.

Mr. RIZLEY. I have studied that report, but I was unable to ascertain from the report just what it is.

Mr. WIGGLESWORTH. The report shows $18,410,000,000 of direct appropriations. It shows $35,970,000,000 of authorizations to the War Department or Navy Department for transfer purposes.

Mr. RIZLEY. Is that $35,000,000,000 earmarked for lend-lease purposes?

Mr. WIGGLESWORTH. It is not earmarked for lend-lease purposes, but the two Departments are authorized to use up to that figure, should they see fit to do so. As a matter of fact, the total transfer against that authorization to date amounts to $1,200,000,000.

Mr. RIZLEY. That is the point I was trying to get at. Why do we have both the direct and indirect? Why is it necessary to have a direct appropriation of $18,000,000,000 and then this additional direct appropriation of $6,000,000,000 when we have the War Department authorized to expend for lend-lease out of the funds that we appropriate for the War Department?

Mr. WIGGLESWORTH. In a word, because the War Department and Navy Department could not provide the items that the direct appropriations are planned to provide.

Mr. RIZLEY. What item, for instance?

Mr. WIGGLESWORTH. Food, for instance.

Mr. RIZLEY. That is what I am getting at. Does the War Department have authority from the funds earmarked for lend-lease in the appropriations that go to them, to spend any of that money for food, for instance?

Mr. WIGGLESWORTH. I think the answer is no. What the War and Navy departments may provide are items which we have specifically made available to them—arms and munitions, for instance. We have included in appropriations for the Army and the Navy authorizations to use up to a certain limitation arms or munitions and other articles procured from the appropriations for transfer to our allies.

Mr. RIZLEY. Can the gentleman give me any definite figure, whether by direct or indirect appropriation, the amount of money we have actually expended to date for lend-lease purposes?

Mr. WIGGLESWORTH. Eleven billion dollars.

Mr. RIZLEY. How much in addition to that have we authorized for lend-lease purposes?

Mr. WIGGLESWORTH. There are three classes authorized—$18,410,000,000 in direct appropriations, $35,970,000,000 in authorized transfers, and over and above that, about $5,000,000,000 applicable to the leasing of ships by the Maritime Commission and an unlimited authority applicable to the leasing of ships the Navy.

Mr. RIZLEY. How much have our allies, on reverse lend-lease, in dollars and cents, contributed up to date to the lend-lease fund?

Mr. WIGGLESWORTH. I do not think anybody knows the answer to that question. If they do, it has never been made public.

Mr. RIZLEY. If we are going to make our figures public so that the world may know how much we are contributing to lend-lease, why is it that we are unable to get the amount that other nations, in dollars and cents, are contributing to lend-lease?

Mr. WIGGLESWORTH. If the gentleman will read the recent hearings on the extension of the lend-lease law he will see a very detailed discussion on that question. As I understand it, insofar as possible, every item of reverse lend-lease is recorded in terms of pounds, tons, or other units. There is not in existence, however, as I understand it, any overall statement which converts those pounds or tons or other units into dollars and cents.

Mr. RIZLEY. I understand that.

Mr. WIGGLESWORTH. The reason advanced is that the items are so numerous and so complicated that it would take an unwarranted amount of manpower at this time. In fact, in the hearings referred to I think an expert from the lend-lease administration testified it would take the equivalent of half a division of men for a certain period of time to bring all the material together. Mr. Stettinius assures us, however, that there is a record in one form or another, that is in tons or pounds or other units, so that if in the future it is desired to make the computation and convert into dollars and cents it can be done after the war is over.

Mr. RIZLEY. I can understand that; but, on the other hand, I assume that the things we are supplying under lease-lend also are broken down into pounds, tons, or whatnot; then we carry it out and show it in dollars and cents. What I cannot understand is why it should require so much more manpower for other countries to give us the same kind of accounting, the same kind of statement we give to them; I just cannot understand it.

Mr. WIGGLESWORTH. I confess to the gentleman the difficulty involved has never been made clear to me, but I do think it is a good deal more complicated matter than we might think it is, because of the very varied nature of the items of lend-lease in reverse that are being furnished, and because of the fact that they are being furnished all over the face of the globe.

Mr. RIZLEY. Am I correct in saying that the Commodity Credit Corporation is one of our purchasing agencies for lend-lease?

Mr. WIGGLESWORTH. I do not think so. I think that lend-lease purchasing is done by the Army, the Navy, the Maritime Commission, the Department of Agriculture, and the Treasury Procurement Division; there are five procurement agencies.

Mr. RIZLEY. I am under the impression that I read a statement in the hearings that in addition to the agencies the gentleman has mentioned, the Commodity Credit Corporation was also one of the purchasing agencies employed by lend-lease, and that they purchased, not only in this country but abroad, for lend-lease purposes. Am I wrong about that? If I am, I wish the gentleman would correct me.

Mr. WIGGLESWORTH. It is conceivable that the Commodity Credit Corporation is employed by the Department of Agriculture to aid in its purchasing; I cannot answer the gentleman definitely.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. TABER. Mr. Chairman, I yield 3 additional minutes to the gentleman from Massachusetts.

Mr. WIGGLESWORTH. Mr. Chairman, in conclusion let me say that the request before us, as I have already pointed out, represents a slash of 19 percent by the Lend-Lease Administration and a little more by your committee. Every dollar requested we are advised will be obligated before July 1, 1944; every dollar requested we are advised will be expended within a very few weeks of that date. The rate of spending during the last few months which has run around $600,000,000 a month tends to substantiate the request that is made.

The Department of Agriculture, the War Production Board, and the other agencies of the Government which are responsible for the allocation of our production in the light of the needs of the Army, the Navy, and our civilian economy have all approved the request that is before us. The War Shipping Administration has advised us that in the light of the foreseeable, shipping will be available for the request that is before us. We are advised that the combined chiefs of staffs have had an opportunity of passing upon every item that is contemplated under this bill.

Under these circumstances I do not see how the House can do anything but support the appropriation that is before us as vital to the war effort. I shall vote for the bill on final passage.

In making this statement, however, Mr. Chairman, I cannot refrain from a final word emphasizing the tremendous responsibility of the Lend-Lease Administration. I feel that the country and the Congress are very fortunate in having Mr. Stettinius as our Lend-Lease Administrator. He commands the confidence of the Congress by reason of his fine capacity and high character. I am sure that he fully appreciates the responsibility which is his.

Maximum lend-lease aid to our allies is absolutely vital. Proper control over lend-lease expenditures is also absolutely vital. We must do everything in our power to contribute to the war effort, but what we do, Mr. Chairman, must be done in the light of the economic and financial capacity of the Nation.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. TABER. Mr. Chairman, I yield such time as he may desire to the gentleman from Indiana [Mr. LANDIS].

Mr. LANDIS. Mr. Chairman, food is probably the most challenging problem in America today. Food will win the war and it will also win the peace. Our producers, the farmers, broke all records in food production last year, However, this year the food outlook does not appear so good. The things that may cause a food shortage are lack of experienced farm help, too much regulation from Washington, misunderstanding of farm problems in Washington, need for profit insuring prices, lack of farm machinery, early frosts, and lack of proper transportation facilities. Of course, weather conditions will have a great bearing upon the final results of the 1943 crop.

We have a real food problem facing us in feeding our armed forces, our civilian population, our allies and the small democracies. There are about 5,000,000 children in Belgium, Holland, and Norway who need food at the present time. There are also destitute and unemployed men and women who need food. In Belgium the available daily ration is about 950 calories as against the minimum need of 2,200 calories to maintain health. More than 50 percent of the children are tubercular and have no resistance to disease. If these countries are to survive this food must be imported. They will need 30,000 to 40,000 tons of food monthly. In order to feed ourselves and help these countries we will have to produce more than we did in 1942. This is a real problem facing America and the world.

In the past there has been too much confusion between the Agriculture Department, the W. L. B., and the O. P. A. There has been too much red tape and delay. I understand the O. P. A. is using about 90,000 employees to administer the act, while it was handled by Mr. Hoover in the First World War with 3,000 employees. The chief objections to the present O. P. A. set-up are: The O. P. A.'s lack of confidence in American business, a poor fundamental policy, complexity of the program, and a personnel with little or no experience about the practical problems involved in agricultural production and distribution. What America needs is a food administrator with complete authority to handle the food program from the farmer to the consumer. He should have authority on production, distribution, rationing, and price fixing of food products. Unless the present system is changed immediately we will have a critical shortage in vegetables, canned goods, protein feeds and meat in 1944.

PRICE CEILINGS

The O. P. A. has been too slow in determining price ceilings. Many acres have not been planted in vegetables, due to this delay. Some price ceilings that have been set are too low to cover the cost of production. The ceiling prices which have been applied to certain fruit and vegetables have caused a tremendous amount of confusion and actual chaos both at the shipping point and in the receiving markets. In the case of certain commodities, such as potatoes, this has resulted in the development and operation of the worst black market in history. It is common knowledge among the wholesalers and retailers in most of the larger cities that the consumers are finding it necessary to purchase their supplies of potatoes and certain other commodities from these black markets at almost prohibitive prices from which the producer benefits very little, if any. Unless something is done immediately the production of food is going to be jeopardized and business which has been built up over a great many years is going to be in bankruptcy.

In discussing price ceilings with a number of processors and distributors I have learned the following facts: The O. P. A. has announced ceiling prices for the 1943 pack of corn, peas, tomatoes, and green beans. These prices have been specified at a specific dollar-and-cents price for each size can of each grade of each of these products for each area. The areas are divisions of the country intended to conform with the variations in announced support prices by the Department of Agriculture for raw products involved.

These ceilings have been determined by assuming that a subsidy was going to be paid to the canners by the Commodity Credit Corporation in an amount equal to the increase in raw product cost for 1943 over the cost in 1942. These ceilings do not reflect any increased labor costs in view of the freeze on wages directed by the President. The O. P. A. insist that the ceiling prices, thus announced, reflect their idea of the cost plus 10 percent on the basis of last year's raw material cost and wage rate. These prices are not high enough to reflect a fair return above the cost to a great number of the canners of these products. In fact they are amounts which will be definitely less than cost for many canners.

The O. P. A. has been furnished many statements of costs by canners which show that the 1943 ceilings are lower than the 1942 costs for many items. In some instances this discrepancy is so large that the 1942 ceiling is less than the 1942 cost would have been if the canner had not paid anything in 1942 for direct labor, boxes, labels, sugar, or salt.

There will be many increases in cost in 1943 as compared to 1942 other than wage rates and raw material. A reduction in volume necessarily will increase per unit overhead and administrative costs. This reduction is bound to result from the reduction in the amount of permitted containers, the reluctance of farmers to oblige themselves to as large an acreage of canning crops as in 1942, the discouragement of canners by the lack of good faith upon the part of the O. P. A., and the decrease in acreage yield of canning crops which is to be anticipated this year in comparison with last year. Also that the O. P. A.'s insistance that the canners use A. M. A. grading methods, which will increase costs be requiring increased factory and warehouse labor, loss of an increased number of samples used in grading, factory slow-up to await Government grading, and the charges for Government grading. Minimum wages will be increased and factories will be running on machinery which will be 1 year older. The Army will buy more canned goods which will force the canner to give free storage and insurance on the goods until shipped. Fuel, cases, and label costs are higher than last year. Local taxes have increased. The result will be decreased efficiency with a resultant increased cost. Therefore, if canners lose substantial sums in 1943, their resultant reduction in canned food packs in 1944 may be critical.

The personnel in the O. P. A. has not been up to par. This agency needs competent officials who have faith and confidence in private enterprise. I believe that the O. P. A. is on its way out unless it gives immediate relief to the producers, processors, and distributors. If the bungling, red tape, and delay of this de-

partment continues it will cause a food shortage in 1944.

Mr. Chairman, I have just introduced a bill to amend the Emergency Price Control Act which shall provide that the President may thereafter, notwithstanding any other provision of this act, provide for making adjustments with respect to prices of perishable agricultural commodities, or perishable commodities processed or manufactured in whole or substantial part from any agricultural commodity, to the extent necessary to avoid waste or spoilage of such commodities.

(Mr. LANDIS asked and was given permission to revise and extend his own remarks.)

Mr. TABER. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. JONES].

(Mr. JONES asked and was given permission to revise and extend his own remarks.)

Mr. JONES. Mr. Chairman, I have not had the opportunity of preparing for this debate on this particular bill that I should like to have had. I attended this morning the meeting of the full committee wherein the subcommittee reported to the full committee the Budget request for this item. I must state, however, that I did have an opportunity to get hold of the hearings last night; and over night and until this hour, taking time out to listen to other Members in the debate, I have not had the opportunity of covering the entire hearings and giving them the attention I should like on this bill which appropriates $6,000,000,000. Heretofore we have always reported out from the full committee a bill and have taken it to the floor a day after the full committee acted upon it. I must confess I tried my best this morning to have the full Committee on Appropriations follow that procedure. I was of course ridden down by the multitude. I doubt if there would be any change at all in the results of the consideration of the bill if we had considered it Monday instead of today, but in fairness to anyone who is trying to present accurately a different point of view from the majority it seems to me that the House of Representatives should vouchsafe to any minority in the House a fair and equal opportunity to prepare to present their views for the consideration of the House. Freedom of expression carries with it equal opportunity to debate the issues. I am debating with a subcommittee that has heard testimony off the record and on the record for several days. Our boys are fighting on sixty-odd battle fronts for the freedom of expression and I am therefore encouraged to give my views as a contribution to winning the war.

I hope I may depend upon my opponents accepting criticism of this bill as Winston Churchill would were he here today. Mr. Churchill said on the floor of the House of Commons January 22, 1941:

> I think I have said before that to try to carry on a war, a tremendous war, without the aid and guidance of the House of Commons would be a superhuman task. I have never taken the view that the debates and criticisms of this house are a drag and a burden. Far from it. I may not agree at all with the criticism—I may be stunned by it, and I may resent it; I may even retort—but at any rate debates on these large issues are of the very greatest value to the life trust of the nation, and they are of the very greatest assistance to His Majesty's Government.

I have no rancor in my heart because we are considering this bill within 3 hours of the time that the full Appropriations Committee considered it. I shall do my very level best to discuss the issues as I see them, from the standpoint of winning the war, for the benefit of the House. I hope that you will grant to me that my difference of opinion with the majority of the committee is from a patriotic and a sincere standpoint.

In the first place, this bill does not carry any funds in it for finished munitions, guns, planes, tanks, and matériel. Mixing finished munitions with food and secondary items misleads the membership in the lend-lease quarterly reports and in previous requests for funds. Finished munitions that will win the war will be in the appropriations spent by the Army, Navy, and Maritime Commission. It seems to me that from a good business standpoint, from a fair standpoint, and to keep the country advised, and to keep the Congress advised, when Mr. Stettinius is presenting his request for funds he should not request funds for food and argue that these funds will save boys' lives and discuss it in terms of munitions and finished munitions products. The whole presentation should be segregated for clarification so that the membership may know that they are voting upon items such as food and machine tools, which I hope the membership will distinguish as I go along with my argument.

Mr. RABAUT. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Michigan.

Mr. RABAUT. Am I to understand from the gentleman's remarks on this that the country is more interested in material things than it is in the lives of our boys?

Mr. JONES. I will answer the question if the gentleman will yield me more time.

Mr. RABAUT. It will not take much of an answer. The gentleman just made a statement.

Mr. JONES. I decline to yield. I am sorry. I have for my beloved chairman the greatest admiration and respect.

Mr. RABAUT. I do not want any compliments. I just want an answer.

Mr. JONES. I am coming to an answer to his question, and I will answer it fully, have no fear of that. There is an answer.

The American people are interested in winning this war and they think that lend-lease by the publicity that has been given to it means planes, guns, tanks, machinery, and equipment. This bill today has other items in it such as food. I think there should be possibly a consideration of whether or not other countries are riding a willing horse to death. I do not know, but I have asked Mr. Stettinius in several letters which I have sent to him for basic facts upon which to make a logical argument today and upon which we could narrow down the issues for a satisfactory conclusion, and I have been refused. It is all very well for gentlemen on the subcommittee to say: "If you ask Mr. Stettinius anything he will tell you." Well, try it some time. Ask him. He gave me 3 excuses for denial of the answers to 68 questions and I am very glad to have this opportunity to talk to him in public.

Mr. McCORMACK. How many questions?

Mr. JONES. Sixty-eight questions.

Mr. McCORMACK. How long do you think it would take to answer the 68 questions?

Mr. JONES. I may say to the majority leader that if he cannot answer those 68 questions, then, certainly, he is not capable of programing, buying, and of handling the job of Lend-Lease Administrator. Certainly if he has the administrative personnel to do the job of reporting what he claims is factual in the Lend-Lease report to Congress and in the hearings, he certainly has the material, the personnel, and the equipment, to answer my humble 68 questions.

Mr. KLEBERG. Will the gentleman yield for a question?

Mr. JONES. I am sorry. Let me emphasize that some of the 68 questions related to a speech I made on March 10. I used the December 30 report of lease-lend allocation of supplies to the United Nations. I asked Mr. Stettinius for factual information and he told me in my office that he would get it. I relied upon his promise. Then he sends me a reply full of more speeches and I wrote him back, as a part of my 68 questions: "Mr. Stettinius, give me the basic facts." If it is argued that Members of Congress cannot have confidential information, my distinguished Chairman, the gentleman from Michigan [Mr. RABAUT] knows we have had many, many days of confidential testimony and I have in my files many letters marked "Confidential" that I have never given to anybody. I challenge anyone in this House, the majority or the minority leader or anybody on this subcommittee on the majority or minority side to show one instance where I have exposed anything that was confidential. If the membership of this House is asked is vote "yes" or "no" on a provision of this kind it certainly should have the basic facts in the hands of Mr. Stettinius in order to come to a conclusion based upon reason.

Mr. McCORMACK. The gentleman challenged the majority leader. Will the gentleman state how long it took him to frame those 68 questions?

Mr. JONES. It took me about two and a half hours.

Mr. McCORMACK. Then the gentleman is a wonder. If it took him only 2½ hours to frame those 68 questions he is possessed of an ability that is extraordinary and amazing.

Mr. JONES. I thank the gentleman very much for the compliment. If he would care to see the stenographic notes on the questions I think the gentleman will see it could easily be done in a couple of hours.

Mr. VORYS of Ohio. Will the gentleman yield?

Mr. JONES. I cannot yield any further.

Mr. VORYS of Ohio. Is the gentleman going to put the questions in the RECORD?

Mr. JONES. I would like to point out the difference in conception of aid given to other countries by Great Britain as compared with the United States. I will refer to a photostatic copy of the Soviet War News of July 1, 1942, prepared by the Soviet Embassy in London, and I hope the majority leader will remain here and listen to this because I am talking about basic facts now. They report:

On June 27, 1942, an agreement was signed in Moscow between the Governments of the U. S. S. R. and the United Kingdom of Great Britain and Northern Ireland on financing deliveries of war materials and other military aid accorded by the British Government to the Soviet Government.

On behalf of the Soviet Union the agreement was signed by A. I. Mikoyan, People's Commissar for Foreign Trade, and on behalf of Great Britain by Sir Archibald Clark Kerr, Ambassador Extraordinary and Plenipotentiary of Great Britain.

Under this agreement the British Government agrees to insure to the Soviet Government deliveries of war material and other military aid, the deliveries to the Soviet Union of armaments manufactured in Great Britain or in the British Dominions and Colonies being effected without payment. Provision is thus made for further improvement of British deliveries of war materials to the Soviet Union.

The agreement points out that the Soviet Government desires that all aid made by one party to the other should be on a basis of reciprocity. The agreement is retrospective and will be considered as having come into force from June 22, 1941.

This agreement does not affect the financing of British deliveries of raw materials and equipment of a general character regulated by the agreement concluded on August 16, 1941.

To the best of my knowledge today, the agreement referred to in the last paragraph above is one that I quoted October 10, 1941, from the Department of Commerce publication entitled "Foreign Commerce Weekly" as follows:

A payments agreement between the United Kingdom and the Union of Soviet Socialist Republics was signed and became effective on August 16. It provides that the two governments agree to deliver goods to one another at world prices with contracts in sterling. All payments will be made through an account in the Bank of England in the name of the State Bank of the Union of Soviet Socialist Republics. * * * The account shall be balanced quarterly.

Any debit balance shall be discharged as follows: (a) 40 percent by sterling received by the State Bank of the Union of Soviet Socialist Republics by the sale to the Bank of England of United States dollars or gold or by the delivery of platinum up to specified amounts; sales of United States dollars shall be made at the official middle rate of exchange for United States dollars in London on the day of sale.

I attempted to verify this information in detail through Mr. Stettinius' office and I have not received information desired from him. I now place in the RECORD a letter from Mr. Stettinius on this subject.

Hon. ROBERT F. JONES,
House of Representatives,
Washington, D. C.

DEAR MR. JONES: Thank you for your letter of April 23.

You are completely right about our failure to confirm our telegram of November 11, 1941. Good business practice as well as courtesy to you should have made such a confirmation automatic on our part.

I have reviewed with interest the references in the CONGRESSIONAL RECORD which you cited. (Incidentally, we do not have a librarian on our pay roll.) I shall write to you further on this whole subject as soon as I receive the current report which I have asked the Harriman Mission in London to prepare after investigating the present situation thoroughly on the other side.

With best wishes,
Sincerely yours,
E. R. STETTINIUS, JR.

These are facts that Mr. Stettinius' office should know and I should have had the complete data by the time this bill is on the floor for consideration.

Great Britain sells for cash, payable quarterly, to Russia, the same material, according to my understanding for which we are appropriating today.

Now, let me say to the gentleman from Michigan, I voted, since Pearl Harbor, for every item of so-called lend-lease made direct to the Army, the Navy, and the Maritime Commission and expect to continue so to do. I am willing and anxious to give to the Army, the Navy, and the Maritime Commission every bit of material that they need or think they need. I would deny no boy on the fighting front, fighting by the side of the British, the Dutch, or the Chinese, who are fighting by the side of our boys, the planes, the guns, the tanks, and matériel necessary to save their lives and win victory over our enemies. Let us assume that there is an American dump of ammunition right close to where British, Australian, Chinese, or New Zealand troops are fighting. Through military maneuvers the British troops are near that ammunition dump, do you think I would say they would have to wait until Mr. Stettinius gets an authorization through before they could make use of that ammunition, or from General Marshall, or Admiral King? Certainly not. Why, I would not even put it down on the books. I do not think you or anyone would question the use of appropriations by our Army, Navy, and marines for all on the common battle fronts. You do not need a device with the name of lend-lease on it to get cooperation between United Nations fighting forces, and I think that is the practical point of view we should use in approaching a vote on this bill.

I think the items in this bill are things that might well be paid for, as far as possible, with obligations of the several United Nations governments if they have credit available.

With further reference to the 68 questions, let me call them to your attention and let us see if they are hard to answer. In one of the questions I pointed out there was lend-lease material and certain products going to one of the richest concerns in India. I said to Mr. Stettinius:

Give me the full details of that transaction; let me know to whom it is sent; what kind of arrangement we have, whether it is charged to the British Government, the United Kingdom, or India. If the equipment is finally installed in this company's plant that has a capitalization of 104,000,000 rupees, whom does the corporation pay?

Now, is it treasonable to ask direct questions from these lend-lease officials concerning the value of this lend-lease equipment that expands the productive capacity of these private companies? Is that kind of information a military secret? In this country Treasury, Army, and Navy officials are renegotiating the contracts with the corporations of this country who have been expanding their war plants with Defense Plant Corporation funds. I insist it is a fair and timely inquiry. Domestic corporations must agree to pay Jesse Jones, of R. F. C., or to the Treasury of the United States, for the value of the equipment they receive. Is it treasonable to ask whether or not foreign companies receiving lend-lease goods sign obligations for them? Are lend-lease funds reimbursed for any funds paid by foreign corporations to United Nations? I would like to have answers to those questions. Would it take much manpower to answer that kind of a question in detail? We certainly should not conclude so in view of the fact that we are harassing every corporation in this country building various war machines for our troops to renegotiate their contracts. Who considers manpower in Washington when we are renegotiating war contracts? Certainly no Washington official. The people of the United States will be vitally interested in this inquiry, and I am sure, Mr. Administrator, that they will be vitally interested in more details in the days to follow.

Yes, you can get the answer to anything you want if you do not ask the questions. Now, the gentleman from New York, and the gentleman from Michigan, my colleague on the other side, said Mr. Stettinius was willing to answer my questions, but he was tied up with these committee meetings. He did not so advise me.

I am anxious that the United States bear its fair share of the burden of winning this war. I notice in one of the reports of lend-lease there is this general statement:

If each country devotes roughly the same fraction of its national production to the war, then the financial burden of war is distributed equally among the United Nations in accordance with their ability to pay.

There is not any mathematical formula to guide the Members of the House as to how much each shall bear.

Another question that I took up with Mr. Stettinius when he was in my office, was the question of whether or not good will, as a result of the present policy of lend-lease giving, or of lend-lease aid, from the administrator, will result under the present set-up. Is Mr. Stettinius building up American good will, for this kind of materials for which we are appropriating? That is what I am trying to find out.

As of December 31, in the report of the Lend-Lease Administrator to Congress, there is on pages 36 and 37 a category in the table of the December 31, 1942, report, which covers the countries of Australia, New Zealand, India, "other British territories," and Egypt.

I called the lend-lease office, Mr. Stettinius was out, his office referred me to other lend-lease officials. I asked "who are 'other British territories' in this table." I was given the following list:

Aden, Anglo-Egyptian Sudan, Arab Shiekdoms, Bahamas, Barbados, Bermuda, British Guiana, British Honduras, British Solomons, British Somaliland, Canada, Ceylon, Cirenaica, Cyprus, Ethiopia, Falkland Islands, Fiji Islands, French Somaliland, United Kingdom, Gambia, Gibraltar, Gilbert and Ellis Islands, Gold Coast, Iran, Iraq, Jamaica, Kenya, Leeward Islands, Malaya, Malta and Gozo, Mauritius and dependencies, Newfoundland, New Guinea, New Hebrides, Nigeria, Northern Borneo, Northern Rhodesia, Union of South Africa, Nyasaland, Palestine, Sarawak, Saudi Arabia, Seychelles and dependencies, Sierra Leone, Southern Rhodesia, St. Helena and dependencies, Syria, Tanganyika, Tonga, Transjordan, Trinidad and Tobago, Tripolitania, Uganda, Windward Islands, Yemen, Zanzibar.

These 56 territories, countries, or possessions entitled "other British possessions" do not present their own requisitions. The British Purchasing Commission, I am informed, present the requisitions and I think earn their good will during this war with our lend-lease aid. I presented this thought to Mr. Stettinius when he was in my office on April 14 and he agreed with me that this was causing us some trouble.

These 56 governments are in contradistinction to the 44 countries in the report at page 8 which are supposed to be eligible for lend-lease aid.

I wish to point out to the members of the committee that lend-lease requisitions should be made by the countries for and in their own behalf.

Briefly, here is the main criticism, on which I think the Administrator will agree with me, that is, losing the good will through British presentation of requests. I think there has been some improvement along this line, but it has not come fast enough and certainly the present arrangements should not continue another day.

Let me say again that I am interested in winning this war and giving to the Army and the Navy and the Maritime Commission anything that they think they want for the use of the other countries of the United Nations that will help to save boys' lives. I will vote for all the guns, planes, and tanks the Army and Navy think they or the United Nations need, as I have done in the past.

I think, as I said on March 10, 1943, that the lend-lease transfers are in inverse proportion to the victories won. I think MacArthur, the New Zealanders, and the Aussies have held the line in the southwest Pacific in spite of the fact that they are the forgotten men of lend-lease. The long-suffering Chinese hold on and on, well knowing that lend-lease officials had a one-track mind centered in Europe before the Burma Road was closed. Now that the Burma Road is closed they must surely apologize to the American people with the disclosure that $158,000,000 is the cumulative total of lend-lease supplies for China. Bear in mind that the December 31 report showed China receiving $126,260,000. The differential of $31,740,000 is lend-lease to China so far in 1943. That ought to be comforting to the Japs.

Suppose the membership of the committee and the Lend-Lease Administrator put a table in the next lend-lease report of the Chinese, Australians, New Zealand, and American lives they saved in the southwest Pacific and the Far East.

It might be significant to point out here the testimony on page 5 of the hearings:

About $1,200,000,000 of additional lend-lease aid has been provided from appropriations made directly to the War and Navy Departments and the Maritime Commission for finished munitions and ships.

The Army, Navy, and Maritime Commission still have approximately $43,000,000,000 for guns, planes, tanks, and matériel for the fighting fronts of the world.

Lend-Lease Administration is a prewar agency. The type of materials they propose to buy with these appropriations are the type of materials that Great Britain sells to the United Nations, according to my best information and belief. Most of the countries can pay for these items. The committee has not had an adequate, specific explanation, country by country, for which these funds are to be allocated. Under the broad grant of power of the lend-lease law there are no restraints on the use of the funds. The Lend-Lease Administrator, on page 29 of the hearings, says:

Well, sir, that is military strategy, on which I am an amateur.

He is sincere and well-thought-of, but by virtue of this admission I think ill-equipped for the kind of a job that ought to be done.

All aid that our generals and admirals say the United Nations need to save lives and win victory that contribute directly to the war, I am for. I intend to vote against this bill.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 3 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, not for the purpose of entering into a controversy with the gentleman from Ohio [Mr. JONES], but to correct his remarks in the RECORD in some respects, the gentleman admits that he asked 68 questions and he referred to 2 questions on the floor. I heard only 2 of the 68, but I could see that it might take several days to make a pretty good answer to one of those questions.

Mr. JONES. Mr. Chairman, will the gentleman yield? I yielded to him.

Mr. McCORMACK. I yield.

Mr. JONES. I should have been glad to have more time, but the limitation of time to 20 minutes kept me from continuing with those questions. I hope the gentleman will be fair to me. I should be glad to put the 68 questions in the RECORD.

Mr. McCORMACK. Of course, the gentleman can get that permission in the House. I would be very much interested in reading the questions myself. However, I do not desire to enter into a controversy. I think it is a good idea for all of us to get off our chests some of the things that bother us. My friend from Ohio probably got a little chip on his shoulder several days ago against Eddie Stettinius. It is good for him to get it off his chest now. I know that he and Ed Stettinius will meet each other in the lobby shortly after this and will be shaking each other's hands, and that they will be most pleasant in the future.

Mr. JONES. I have the greatest respect for the gentleman.

Mr. McCORMACK. Of course, the gentleman has.

Mr. JONES. I always have had; but I think he is autocratic in denying the answer to a question. I shall still be friends with him.

Mr. McCORMACK. Does the gentleman stand by that statement that he is autocratic?

Mr. JONES. I think so. I do not have the answer yet.

Mr. McCORMACK. I shall not even discuss that. All I want to say is that I have received assurances from Mr. Stettinius and he has given me a pledge to give to any Member of Congress any information of any kind that he can on lend-lease at any time, that is not limited by military secrecy.

The gentleman from Ohio talked about his being autocratic. The members of the Committee on Foreign Affairs of the House, Republicans and Democrats both, unanimously felt that he made one of the finest witnesses that ever appeared before them when he testified before that committee in the early part of the year. Mr. Stettinius is a man who has made great sacrifices to come down here to serve and to assist in preserving our country in this crisis. He is a man who was chairman of the board of directors of the United States Steel Corporation, receiving $100,000 a year. He resigned that job. He is not continuing to receive $100,000 a year from the United States Steel Co. and working down here at a dollar a year. He terminated his connections with the U. S. Steel Co. in June of 1940. He is in the complete service of the Federal Government. I think the RECORD should show these facts.

I am not going to discuss this matter further, because the gentleman from Ohio is wrong in stating that Mr. Stettinius would not give the information. He will give it to any Member of Congress. I do want to state further that there is no man in this country who has evidenced a finer spirit of patriotism in this crisis than Edward R. Stettinius.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. WIGGLESWORTH. Mr. Chairman, I yield 6 minutes to the gentleman from South Dakota [Mr. CASE].

Mr. CASE. Mr. Chairman, the pending lend-lease appropriation bill deals

with the prosecution of the war by all the United Nations. I am a great admirer of military strategy. I have confidence in the weapons we are using. I respect our military and naval leadership. I cannot forget, however, a weapon of World War No. 1 that was worth great armies. It was the moral persuasion in Woodrow Wilson's 14 points. He spoke to the common people in the lands of the enemy. He spoke their hopes and their dreams so plainly that he wedged the German people from their leaders, and when all the people of the world were put on one side, fighting for the common ideals of humanity itself, the war ended sooner than it would have otherwise.

The fact that some of those peoples felt let-down later makes our task more difficult today. That does not lessen, however, the value of that kind of a weapon. Indeed it makes even more necessary that the idealism of the "four freedoms" and the Atlantic Charter should be given a clear and unmistakable application in the policies of the United Nations.

We can bludgeon our way through to victory solely by relying upon the blood of our boys and the cold steel of our machines—but if we can shorten the road to, and the cost of, victory we should do it.

Now, we probably can count upon revolutionary assistance in Europe whenever we give the signal with an invading army. In Asia, however, Japan preaches the doctrine of liberation from the white man's rule. We like to believe that the Japanese are so clumsy and so cruel that in time the peoples of the lands she occupies will rise up against her. We hope she is making a bad job of civil and military administration. We cannot count upon that, however; and we must do more than wait. Nothing in the situation gives us any reason to think that Japan will collapse. Nothing in the picture gives us any reason to think that the Philippines and the Americans in the Philippines will ever be free again unless we free them.

Everywhere men speak of the great population of China and India, of the manpower that is there. Everyone knows that China needs guns and ammunition, and tanks, and perhaps above all, air power, air power in that overwhelming degree of superiority which paved the way for the success in Tunisia.

We are told that there are 2,000,000 soldiers of the British Empire in India and we are also told that only fifty or sixty thousand Japanese hold the Burma Road. It is no wonder that a distinguished Member of the United States Senate has called for action to throw those Japanese out of Burma and reopen a way to take the supplies into China, where we would have the land bases necessary for successful operations against Japan.

Now, then, why do fifty or sixty thousand Japanese soldiers stand off an army of 2,000,000, or even 1,000,000, in India?

Most of those Empire soldiers in India are men of India. They wrote a notable chapter in the victories of World War No. 1. Why are they inactive today?

No man can be sure of an answer under the limited and censored conditions of communication and information today. But I, for one, cannot escape the thought that the probable reason is that the people of India do not feel that this is their war. Indeed, I cannot escape the feeling that too many people of India feel that the promises made them during World War No. 1 have not been fulfilled, and that they simply are not going to fight for the perpetuity of an empire in which they are not accorded the voice and the freedom which they believe is rightfully theirs.

The bill before us proposes to make available more than $6,000,000,000 worth of additional lend-lease goods. It is a mighty amount of money to throw into the conflict. But it seems to me that if there could be put into the conflict at this time the complete productive capacity of India, our efforts in this bill would be insignificant in comparison.

Indeed, if, through the efforts of that portion of the British Empire which is India, the Burma routes to China could be reopened, the effectiveness of all of our lend-lease efforts would be multiplied many times over.

I recognize that I am speaking on a subject which has a good deal of official taboo. What I say has been prompted by nobody. It comes only out of my earnest conviction that if the people of India could feel that the high idealism of the "four freedoms" and the Atlantic Charter were real for them, they would put all of their energies and efforts behind the war as they would in a war for freedom itself. In fact, it would become the great cause by which the people of India would come to a place of sovereignty and domain status within the British Empire alongside of other great parts of that great Commonwealth.

I know that men say, "Oh, those things must be put off until the war is over." That kind of counsel was the counsel which Lincoln spurned in the Civil War. You will recall that when Lincoln proposed to issue the Emancipation Proclamation, many of his advisers counselled against it. Lincoln saw, however, that nothing would write the human purposes of the war into reality as much as the issuance of that proclamation—yes, while the war was on.

Some of you must have been impressed as I was impressed by that statement which appeared on the back page of the Washington Post, May 19, under the caption "India." I quote:

> Now the eyes of the world are on India because India is the key to victory over Japan.
>
> To defeat Japan we need China—a China that is not simply resisting heroically but is fighting offensively.
>
> To sustain China we need Burma.
>
> To regain Burma we need India.
>
> To mobilize India fully we need to free the imprisoned democratic leaders of the Indian people who alone can arouse them to action for victory.
>
> India's millions want the opportunity to fight for freedom. If only a fraction of India's vast manpower and resources are in action today, it is because Indians—like other men—can fight for freedom only if they are themselves free.
>
> We—the United Nations—must break the political deadlock in India which is a repudiation of all we are fighting for.
>
> Now—while President and Prime Minister are talking face to face—is the time to set in motion the machinery that will mediate the problem, translate freedom from a word to an act, and give all Asiatic peoples the essential motivation they lack today; faith in our profession of the "four freedoms" of all people.

Not one person of the many names signed to the declaration has spoken to me about this subject. I know nothing about the Indian League of America save what was given in that page advertisement.

But, I too believe that now is the time to face this problem. To defeat Japan we need China. To sustain China we need Burma. To regain Burma we need India—India with the full strength of that great country freely enlisted in a battle for the freedom of the world; enlisted in a cause where the "four freedoms" and the Atlantic Charter are not words, but indeed the very weapons of victory.

[Mr. SNYDER addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. KLEBERG].

Mr. KLEBERG. Mr. Chairman, I was quite surprised a moment ago to hear my distinguished friend from Ohio say some things that were completely wrong, in my conception and knowledge.

Mr. JONES rose.

Mr. KLEBERG. The gentleman refused to yield to me, and I cannot yield in the 3 minutes I have.

The remarks were made directly at the administration of Lend-Lease and its Administrator. I have known Ed Stettinius a long time. He has never failed to answer any inquiry I have addressed to him. It is true I have never asked him to divulge a military secret. I repeat that my surprise has occasioned in me a desire to say just one or two things about Lend-Lease and its Administrator. My opinion is that in the entire Government set-up, and it is of a pretty good size, probably the Lend-Lease Administration is run more on the American way than any other agency of the Government. I have had occasion to deal with most of them, and I am sure the gentleman from Ohio [Mr. JONES] if he must have made of the Lend-Lease Ad- will recall the many inquiries that he ministration and the courteous answers that he received, will find that probably the Administrator, with reference to the questions that he has in mind, has not had opportunity to reply, or at least can give some really definite and good and sufficient reason for not having done so. I think it only fair that the gentleman from Ohio should permit the Administrator to furnish him with these reasons, and then I think that he would be very glad to retract some of the rather unfortunate inferences in the statement that he made.

Mr. TABER. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. BREHM].

Mr. BREHM. Mr. Chairman, I am in no way apologizing for my vote against the extension of lend-lease in its present form some 3 months ago.

I felt then and I still feel today that any measure which in my opinion will have such a far-reaching effect upon our social and economic life as this measure undoubtedly will have should have been then, and even now, taken out of politics before this Congress was called upon to vote.

The vote asking for extension of lend-lease was brought up, by those who are responsible for our legislative program, 4 months before the present act would have expired, and while there was still sufficient funds available to guarantee its continuation during those 4 months.

There is no doubt in my mind but what this was a smart political move on the part of those who feared that if the extension was asked for at the same time an additional eight or ten billion for its existence was requested—and that is the amount Mr. Stettinius has said he would request—that the vote for its extension might not have been as overwhelming as desired.

No one objects to the basic principle of aiding our fighting allies, but I for one do object with all my energy to scattering our resources among some thirty-odd nations at the expense of some of our own American soldiers, as well as our own citizens here in America.

I have never refused to feed a panhandler who has called at my house, but I have never felt so magnanimous as to give him all of the white meat and give my own family the part which goes over the fence last, just because I feared that it might offend him and that he might not come back for more.

I also feel that when the sordid details and the ramifications of this huge spending program are some day brought into the light of day that the Teapot Dome scandal will resemble a Sunday-school picnic in comparison.

Now, in spite of my own personal feelings in the matter, I intend to go along with this additional appropriation. I attempted by my vote to stay its extension until it had been amended, but I failed. Therefore, since by an act of this Congress it will be in operation for another 12 months, far be it from me to be accused of putting even one stone in the road to impede any tentacle which might contribute even remotely to the war effort.

I only pray that more supplies will reach our own boys so that I will not hear from the lips of wounded soldiers, who have returned from Africa and the south Pacific, the condemnation of their Government which I have heard because they were bypassed in favor of some of those who would take our Government over tomorrow if the opportunity presented itself.

Mr. WIGGLESWORTH. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. EDWIN ARTHUR HALL].

Mr. EDWIN ARTHUR HALL. Mr. Chairman, I hope my patriotism will not be questioned when I make the statement on the floor that I feel the welfare of our men in the armed services is fully as important as any lend-lease appropriation that we are making here today. Yet when I stopped to count the number on the floor a little while ago, during the most serious debate that should be devoted to this great question, there were only 40 Members here. That is quite a contrast, I say, compared with the number that the administration rushed in to vote against the Hall amendment a year or so ago when I proposed to give free transportation to the men in the service, so that they would be able to enjoy visiting home at least once a year and see the people they love, their fathers and mothers, their wives and children. I hope this House, before many more months, will begin to realize that we owe a great deal to the men in the armed services, and that legislation which I propose from time to time will not be referred to as "mushy" legislation, as my distinguished friend from Virginia [Mr. WOODRUM] referred to the Hall amendment, to give the boys furlough transportation. Before very long I am going to propose the doubling of the allotment to dependent children of men in the armed services. I am going to make a number of other proposals for the dependents of our boys at the front. I sincerely hope that the membership of this House will give serious consideration to what I believe to be one of the most important angles that the Government of the United States must face from now on. I refer to the treatment of the greatest armed force that ever fought an aggressor, the Army, the Navy, and the Marine Corps of the United States. I hope that everything will be done to see to it that their welfare is looked after, and I am sure that I am not talking out of order at this time, even though we are considering a $7,000,000,000 appropriation bill, which I expect to support, when I advocate that everything in the world be done for the boys who are giving their all for this great Nation and for freedom and liberty throughout the world.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 5 minutes to the gentleman from Montana [Mr. MANSFIELD].

Mr. MANSFIELD of Montana. Mr. Chairman, at this time I join with the gentleman from Texas [Mr. KLEBERG] and the gentleman from Massachusetts [Mr. MCCORMACK] in backing up their sentiments in regard to the Administrator of Lend-Lease, Mr. Settinius. As a member of the Foreign Affairs Committee I can state that he was honest and courteous to us at all times, and furthermore I can recall one occasion when the gentleman from Ohio [Mr. VORYS] submitted a number of questions to the Administrator on the night before the final meeting of our lend-lease hearings, and Mr. Stettinius and his staff stayed up until 3 o'clock in the morning to get the answers to the committee the next day.

However, I did not intend to speak on that in the short time allotted to me. I do want to say a few words about China. I have nothing but the greatest respect for the way that lend-lease has been administered today, but I think that something more should be done to aid our gallant Chinese allies. I wonder how many people who are so sympathetic with China actually realize the desperate plight in which the Chinese find themselves today. They have what is known as an infantry army. They fight mostly with rifles and machine guns. They have very few tanks, almost nothing in the way of airplanes except what General Chenault has, and nothing in the way of heavy artillery. They have been fighting for almost 6 years against one of the most highly organized military machines in the world, and while the Chinese have been defeated on numerous occasions, they have not and will not be conquered. However, Mr. Chairman, there is a limit to human endurance, and you cannot expect this unequal struggle to continue unless we can give to these gallant allies of ours the aid they should and must have.

Some remarks have been made about the difficulty of getting supplies into China. That is true, but there are more routes than over the Himalayas into China, because we do know that an average of 2,000 tons a month of supplies are coming into China from Russia. We do know also that since the fall of the Burma Road the Chinese have been building by hand, mind you, a road from Sadiya in northeastern India to connect with Chungking, the Chinese capital. That road is far more difficult to build than was the Burma Road, but the Chinese are showing determination, courage, and tenacity. They are willing to do all they can, but because of the lack of resources they have to have help from the outside. The Chinese have munition factories, but they do not have much in the way of machinery. The Chinese have gasoline, but not a great deal because of lack of developed oil areas. What gasoline they have they must develop from vegetable oil. The Chinese have also developed a means by which they can protect themselves against bombings, which used to come quite regularly against Chungking. But those people, despite their fine leadership, despite the inflationary trend which has been taking place in that country in the past 4 years, despite the magnificent resistance of the Chinese armies, must have outside help. It is up to us to do all we possibly can to get just as much aid to China just as quickly as we possibly can, because China is one of our major allies, and China is going to figure very strongly in our final activities against the Japanese Empire.

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. MANSFIELD of Montana. I yield.

Mr. JOHNSON of Oklahoma. I agree with what the gentleman has said with reference to giving greater assistance to China, and I am sure other Members appreciate the very interesting and informative speech he has made. If the

gentleman will permit, let me say that although China is still desperately in need of supplies and materials, information has come to the Committee on Appropriations that China is actually getting additional supplies and will soon be getting much more. The gentleman knows, I am sure, that all supplies that go to China now, because of transportation difficulties, must go by air, and that is an extremely difficult problem to overcome.

Mr. MANSFIELD of Montana. I thank the gentleman from Oklahoma. I repeat, I have every confidence in the administration of lend-lease.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WIGGLESWORTH. Mr. Chairman, I yield 2 minutes to the gentleman from South Dakota [Mr. MUNDT].

Mr. MUNDT. Mr. Chairman, ever since the gentleman from Ohio [Mr. JONES] discussed his parable of the 68 unanswered questions we have had men from the majority side rising to the defense of Mr. Stettinius. I do not think that that should be an exclusive Democratic privilege. I want to join in the testimonials which have been paid to Mr. Stettinius concerning his highly cooperative spirit in dealing with Members of Congress. I do not know whether I am paying tribute to a Democrat, a New Dealer, or a Republican, because I have never inquired into the politics of the Administrator of lend-lease.

Mr. WADSWORTH. I can give the gentleman some information about that some day.

Mr. MUNDT. I will be glad to have it. He looks like a Republican. He acts like a Republican, and I would be willing to wager a compressed-food sandwich against a horse-meat steak, which the more-abundant life of the New Deal has made abundant in Washington, that he has some Republican antecedents. But, be that as it may, and it is unimportant, I feel sure that if the gentleman from Ohio would break up those 68 questions into homeopathic doses he would have better success in getting satisfactory answers from the Administrator of lend-lease. I do know that when Mr. Stettinius was before the House Committee on Foreign Affairs he was extremely gracious, courteous, and informative in replying to the questions directed to him.

I might add that in the work I have been doing on the compressed-food program I have probably asked Mr. Stettinius 68 questions in the aggregate and have had answers to all of them, and I am proud of the way in which the lend-lease Administrator has gone into this new food-development program which today is rendering tremendous benefits in ship savings to America.

I hope the Members have read on page 8 the paragraph of the committee report dedicated to the concrete savings in ship space already accruing from the compression and dehydration program, and I am hopeful that when the quarterly lend-lease report comes out next week additional information will be made available along that line. I think we should give credit where credit is due. It is eminently due to the type of administration being given the colossal and difficult problems of lend-lease under the able and alert direction of Edward R. Stettinius, Jr.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WIGGLESWORTH. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. MILLER].

[Mr. MILLER of Connecticut addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. MILLER of Connecticut asked and was given permission to revise and extend his own remarks in the RECORD.)

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, to enable the President, through such departments or agencies of the Government as he may designate, further to carry out the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended, and for each and every purpose incident to or necessary therefor, the following sum for the following respective purposes:

(a) For the procurement, by manufacture or otherwise, of defense articles, information, and services, for the government of any country whose defense the President deems vital to the defense of the United States, and the disposition thereof, including all necessary expenses in connection therewith as follows:

Vessels, ships, boats, and other watercraft, including the hire or other temporary use thereof, and equipage, supplies, materials, spare parts, and accessories, $1,552,659,000

Agricultural, industrial, and other commodities and articles, $4,452,623,000.

(b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith, $259,348,000.

(c) For administrative expenses, $8,999,000: *Provided*, That transfers may be made from this appropriation to the consolidated appropriation for "Necessary services and expenses" to the extent necessary to reimburse such appropriation for transfers made pursuant to the Urgent Deficiency Appropriation Act, 1943.

(d) In all, $6,273,629,000, to be available until June 30, 1944.

(e) Each of the foregoing appropriations shall be additional to, and consolidated with, the appropriations for the same purposes, contained in the same respective categories of appropriation in the Defense Aid Supplemental Appropriation Act, 1941, the Defense Aid Supplemental Appropriation Act, 1942, and the Second Defense Aid Supplemental Appropriation Act, 1942, and the appropriations contained in the foregoing acts, are hereby continued and shall be available until June 30, 1944: *Provided*, That with the exception of the appropriation for "Administrative expenses," not to exceed 20 percent of any of such consolidated appropriations may be transferred by the President to any other of such consolidated appropriations, but no such appropriation shall be increased more than 30 percent thereby: *Provided further*, That notwithstanding the foregoing proviso (1) balances, unobligated as of April 30, 1943, and balances subsequently released from obligation, of appropriations contained in the foregoing acts for "Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof," may be transferred by the President to and consolidated with the appropriation provided above for "Agricultural, industrial, and other commodities and articles," and (2) balances, unobligated as of April 30, 1943, and balances subsequently released from obligation, of appropriations contained in the foregoing acts for "Necessary services and expenses" may be transferred by the President to and consolidated with any of the appropriations provided above, except the appropriation for "Administrative expenses."

Mr. STARNES of Alabama. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time in order to pay my tribute to the manner in which the lease-lend fund has been administered. Lease-lend has been one of our most potent weapons in waging a fight for existence as a free people. First, the emphasis of lease-lend was upon arms, munitions, tanks, planes, ships, guns, and so forth. Now that a portion of the industrial life of Britain and Russia are again able to function and to take part of this load off of our shoulders, the emphasis has been placed on food. Certainly food is a vital weapon of war. At long last some of the members of this administration have learned that food is a vital and essential weapon in war. It feeds and sustains the armies and the civilian populations of the countries involved. Without it we would not be able to wage a war successfully.

Mr. Chairman, my main purpose in taking this time is to pay tribute to an honest, efficient, capable, and courageous Administrator, Edward Stettinius, who administers the lease-lend. We see in this man a shining example of what good, decent, clean, honest, and efficient administration can do in order to make a legislative program effective and in order to win the confidence and the support of the people of the United States. Mr. Stettinius has administered lend-lease for the purpose of winning a war as quickly as possible, not to further some social reform nor to harbor a group of self-annointed liberals and self-confessed distinguished intellectuals.

Mr. CASE. Will the gentleman yield?

Mr. STARNES of Alabama. I will be delighted to yield to the gentleman.

Mr. CASE. My friend from Alabama would not suggest that those other purposes have dictated the course of administration in any other agencies, would he?

Mr. STARNES of Alabama. I am not making any suggestions at all. I am merely paying a tribute to honest, decent, efficient, capable administration, to a man who administers the affairs of his office in keeping with congressional intent, to a man who does it with no purpose in mind except to save and to serve his own country, to a man who believes in and has devoted his life to preserving a government of the people and by the people such as was conceived by our founding fathers and which has been brought down to the present decade along those concepts.

Mr. CASE. I am certainly glad to have the distinguished gentleman from

Alabama place emphasis upon those virtues which are too often forgotten these days and to place them where they are deserved.

Mr. STARNES of Alabama. I thank the gentleman. May I say further that we have found that a businessman, an honest, sincere, progressive businessman, can administer efficiently and capably the affairs of a governmental agency, and that he can do it with credit and distinction and without any ground for just criticism. This man deserves the praise of every man who believes in free competitive business enterprise under a capitalistic system, a profit-motive and a constitutional representative democracy.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DWORSHAK. Mr. Chairman, I move to strike out the last two words, and I ask unanimous consent to proceed for an additional 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Idaho [Mr. DWORSHAK]?

There was no objection.

Mr. DWORSHAK. Mr. Chairman, I shall not dwell at length on the original basis upon which lend-lease was predicated. We are far removed from the day assurances were given that if America provided the tools—if it became the arsenal of democracy—our present allies would provide the men and do the job. The future will pass a dispassionate judgment on the circumstances which permitted these assurances, as well as upon the information available to our national leadership for the endorsement of these inducements. Suffice it to say that the memory of these assurances lingers with many of our people and that the memory will be the more haunting as we contemplate the comparative contribution in dollars and cents of our own people with those of Great Britain.

I am aware that in the actual theaters of war—in the field of actual operations—a joint venture, such as we are presently engaged in, requires a mutual give and take by our forces and those of our allies. Obviously this is necessary. However, it occurs to me that an entirely different condition prevails where aid is rendered by us in places far removed from the actual theaters of war. Great Britain has wealth, the Empire has resources. And yet the war budget of Great Britain is insignificant when compared with ours. Recent reports indicate that the annual British war budget is approximately $20,000,000,000 while our own war requirements are in excess of $100,000,000,000 for 1 year.

Why, I ask, would it not be possible to have Great Britain pay directly for repairs to her merchantmen and to the units of her fighting fleet which are provided in American shipyards? Why, I ask, would it be unreasonable to require Great Britain to pay directly for the sustenance, housing, and care of her men quartered here in America? Why, I ask, would it be unfair to expect Great Britain to pay directly for the services and assistance rendered by us which are not involved in any immediate contact with military operations, such as the millions of ounces of silver being made available for coinage purposes?

Prime Minister Churchill, and rightly so, has contended for the interests of his Empire. Can it be said that we are lacking in devotion to our common cause if we, with similar fervor and with equal enthusiasm, contend for the interests of our Republic. I yield to no man in my desire to win the war. I yield to no man in the prayer which I voice for a speedy victory. But I sense a duty to the country in urging that a comparative contribution be made by all those who will share in the benefits of the victory which will be ours.

The Prime Minister eloquently declared in this Chamber that during the past 17 months—

> We have toiled and suffered and dared shoulder to shoulder against the cruel and mighty enemy. We have acted in close combination or concert in many parts of the world—on land, on sea, and in the air. I am proud that you should have found us good allies, striving forward in comradeship to the accomplishment of our task without grudging or stinting either life or treasure or indeed anything we have to give.

The great British statesman might appropriately have referred to the contributions which are being made on the economic and financial battle fronts. We must not jeopardize our military cooperation or in any way impair our united effort against the Axis Powers. However, this should not mean that we must be unmindful of the hardships and sacrifices of our civilian populations. The Prime Minister has won the admiration and esteem of Americans because insistently and unremittingly he upholds and advances policies which are most beneficial to his Empire. Surely, the exemplification of these same characteristics by our own leaders would inevitably command the respect and admiration of our allies. And certainly such courage and loyalty would have a psychological effect on our own people and would be implied as a pledge that American interests are being given every consideration to which they are entitled in the whole United Nations' war program.

The distinguished chairman of the Appropriations Committee, in his remarks this afternoon, declared that we want our boys to return after the war and that lend-lease operations provide greater assurances of this likelihood. American boys are willing to fight and to die, if necessary, to win this war, but when they return we must be sure that they do not discover we have lost at home the things for which they are crusading abroad. This Congress is obligated so to direct the financial affairs of our Nation that our Government will remain solvent. Our sons will not be content to return to a demoralized and financially bankrupt country.

During wartime it is not too difficult for allies to cooperate in the attainment of mutual objectives. But there will ultimately come an armistice and peace, and then it will be just as essential to have complete understanding and good will among United Nations to insure a victory at the peace conference. Now is the time to clarify financial aspects of the lend-lease program and to forestall embarrassing developments which may have a devastating effect on the peace negotiations.

If lend-lease is designed to win the war, we must not permit it to lose the peace. This is something over which the Congress still has some control, if it has the courage and foresight to discharge its duties and to direct the fiscal policies of our Government.

Mr. DONDERO. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I listened with a great deal of interest to the eloquent address just delivered by the gentleman from Alabama [Mr. STARNES]. As the son of an Italian immigrant boy who reached these shores nearly 90 years ago, I join with him and other Members of Congress in exerting every effort possible to preserve in the United States, a government of justice, freedom, hope, opportunity, and free enterprise which the founding fathers established here more than a century and a half ago.

My primary purpose, however, in taking the floor is to ask the chairman of the committee a question. It has come to my attention recently, from a source which I consider dependable and trustworthy, some information as to the method by which the United States Government is extending lend-lease aid to our allies and accepting in return certain goods and services. I believe that information warrants the question I now desire to ask. I have been informed that the method used in lend-lease purchases is this: That when we extend aid to any of our allies, whether it be munitions, tanks, guns, or food, it is charged upon the ledger with a dollars-and-cents price, but when we receive goods in return from our allies, whether it be food, services, or materials, such aid is marked on the ledger as a credit, but without any price being attached thereto.

This leaves the matter in an uncertain condition. I do not know whether it is true or not, but I would like to ask the distinguished chairman of the committee, the gentleman from Missouri [Mr. CANNON] what is the system being employed of extending lend-lease aid to our allies, so far as keeping records are concerned?

Mr. CANNON of Missouri. If the gentleman will turn to the hearings he will find a full discussion of the matter. As will be noted there, the system referred to has been adopted and followed whenever lend-lease goods are delivered to an ally. On delivery a charge is made on the ledger, and whenever goods or services are received by us from our allies, a credit is entered on the ledger.

We are not always able to determine, at the time of delivery, the exact dollars-and-cents value to be credited. Many things that enter into it have to be determined. Unexpected deliveries must sometimes be made on short notice. Often the theater of action shifts so rapidly that accompanying inventories and other documentary material are delayed, misplaced, or incomplete, and it is impossible to say immediately what the exact value is.

Mr. DONDERO. Does that system work both ways?

Mr. CANNON of Missouri. It does; and in either event, an acknowledgment of receipt is entered upon the ledger, and a tracer is set in motion immediately with the view to determining as soon as possible the value of the services or goods, and when authoritatively adjudicated, the ledger entry is completed.

Mr. DONDERO. In dollars and cents?

Mr. CANNON of Missouri. No; that is impracticable. It was testified before the committee that the force of accountants required to make such transition in England alone would be prohibitive; but a full and complete and detailed record is kept in terms of commodities and services, so that at the close of the war they will offset goods and services in kind, and where that is inconvenient, they can and will be reduced to terms of dollars and credited to account.

Mr. DONDERO. I think that is the answer to the question I asked and should be a part of the record.

Mr. CANNON of Missouri. I am glad the gentleman has afforded an opportunity to place it in the record.

The CHAIRMAN. The time of the gentleman has expired.

The pro forma amendment is withdrawn, and the Clerk will read.

The Clerk read as follows:

SEC. 2. Any defense article, information, or service procured from funds appropriated by this act or prior acts appropriating funds to the President for the purpose of carrying out the provisions of said act of March 11, 1941, as amended, shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 6, line 16, change the period to a colon and insert: *"Provided further,* That none of the funds appropriated in this act shall be used for the payment of any subsidy on agricultural products."

Mr. TABER. Mr. Chairman, the question was raised here this afternoon by someone who came to the table where I was sitting, whether the funds contained in this bill could be used for the payment of subsidies on agricultural products. In order that I might make no mistake I referred the question to Mr. Stettinius and asked him if that could be done. I was advised that he understood that it was intended that it should be done.

If we are going to make any appropriation or to provide any authority in any way for subsidies on agricultural products, it should be done directly and not indirectly; it should be done where we specify in the legislation that we pass that is to be the case.

For my own part I feel that these subsidies are highly inflationary and in the long run create a debt which is going to be much more dangerous to the people than any temporary benefit that is handed to them as a result of lower prices resulting from a subsidy. I think that we should take every precaution to see that there is nothing passed surreptitiously that will in any way provide for subsidies.

The Committee on Banking and Currency is now holding hearings, and I understand that the hearings so far have not resulted in any intelligent statement on how the thing could possibly work out to the benefit of the country.

Mr. RIZLEY. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Oklahoma.

Mr. RIZLEY. I have heard it estimated at various times by responsible persons that the incentive payments, or subsidy payments, that would be required really to roll back the prices and put into effect the program that is contemplated might run anywhere from $2,000,000,000 to $5,000,000,000. When Mr. Stettinius told the gentleman this afternoon that he understood it was intended to use part of this appropriation for that purpose, did he give the gentleman any idea as to the amount?

Mr. TABER. He did not. For that reason, I feel we should adopt an amendment prohibiting it. If any legislation is going to be adopted that provides for any such thing as that, the administration should come to the Congress and give an intelligent reason why it should be done, and we should have it in a straight-forward piece of legislation.

Mr. RIZLEY. I agree with the gentleman.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from New York.

Mr. FISH. If the gentleman's amendment is not adopted, it would simply mean that this bill would be usurping the powers of the Committee on Agriculture.

Mr. TABER. And the Committee on Banking and Currency.

Mr. FISH. You might just as well abolish both committees, because this involves a huge sum of money.

Mr. TABER. I agree with the gentleman. I do not want to be mixed up in that kind of a deal.

Mr. Chairman, I hope the amendment will be agreed to.

Mr. CANNON of Missouri. Mr. Chairman, I am in complete agreement with the position of the gentleman in opposition to subsidies, and I am in thorough accord with his opinion as to the futility of subsidies under such circumstances. But, Mr. Chairman, I fail to see where there is any possible application in this connection. This is an appropriation for the procurement by manufacture or otherwise of defense articles. This money cannot be used for any other purpose. It is not appropriated to pay subsidies, and if there is any question as to what are defense articles, it is stated in section 2, subsection (a) of the Lend-Lease Act that the term "defense article" means—and I refer to the only meaning applicable in the present case—"any agricultural, industrial, or other commodity or article for defense." That is all that can be secured with this money. That is the only purpose for which this appropriation can be expended. So there is no occasion to impose the limitation proposed by the amendment.

Then, to make it a little more emphatic, it is stated that the President may, when he deems it in the interest of national defense, authorize the Secretary of War or the head of any other department or agency of government—which would include Mr. Stettinius—to manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article.

I think it is very clear that none of this money could be legally used to pay subsidies. However, I may say that in view of what seems to be the prevailing opinion of the Congress as repeatedly expressed in record votes in opposition to subsidies, the committee has no objection to the amendment.

Mr. O'NEAL. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Kentucky.

Mr. O'NEAL. I did not hear the reading of the amendment, but would that amendment go so far as to say that this Government could not subsidize some agricultural development in north Africa where food might be grown close to the base of operations of the American troops? I should like to know if the amendment would go that far. If so, I think it would be a most serious mistake to have any such amendment. If it is only for the purpose of prohibiting a subsidy in this country of the type we have discussed heretofore, I can see very well why it would be an excellent amendment, but if it goes so far as to prohibit any development of agriculture in other countries where our troops are located, where it might save millions of dollars in shipping and in food costs, it would be a most fatal blunder to agree to such an amendment.

Mr. TABER. It would not be a subsidy if there was a direct contract for goods with people in foreign countries.

Mr. O'NEAL. The soil we have just conquered is some of the most fertile soil in the world. Certainly it would be a tremendous mistake if this country did not go in there and do what it could to increase food production. I did not hear the amendment read, and I am not sure whether it does or does not prohibit that.

Mr. TABER. It simply prohibits the use of any funds provided in this bill for the payment of any subsidy on agricultural products.

Mr. O'NEAL. If that is what it states, in my opinion that would make it impossible to go into north Africa and start the development of agricultural work there through the support of the United States.

Mr. TABER. No; it would not prohibit them from going into north Africa and contracting for the production of goods in a straightforward way. It would prevent the payment of funds as subsidies, that is true, but it would not prevent the purchase of goods in a straightforward manner.

Mr. LUDLOW. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Indiana.

Mr. LUDLOW. It is obvious to me that the entire House is in sympathy with the purpose of the amendment. May I ask the gentleman from New York if he could not draft a phrase or two that would clarify the matter so as to make the amendment specifically applicable only to subsidies paid in the United States? I think he would then have an amendment that would be agreeable to the House. Would not the gentleman agree to that?

Mr. TABER. I would not object to that particular situation, but I do not see how there would be a requirement that there should be a subsidy.

Mr. CASE. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes in order to yield to the gentleman from South Dakota.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CANNON of Missouri. I yield to the gentleman from South Dakota.

Mr. CASE. Two questions arise in connection with this. The method of paying subsidies out of the lend-lease funds might very well be, in fact, I have no doubt it would be, about this: The Lend-Lease authorities would make purchases of the Commodity Credit Corporation. The Commodity Credit Corporation in purchasing the desired goods would guarantee to canners or others from whom the goods were purchased prices above those set by the O. P. A. to take care of the prices the producers may have paid. And in the operations of the Commodity Credit Corporation it has frequently been suggested that the subsidy program would be accomplished, so that it seems to me it is in order to put in this kind of a restriction without definitely curtailing the operations of lend-lease. I am entirely in sympathy with the suggestion of the gentleman from New York [Mr. TABER] that this issue ought to be clearly in the open when the House passes upon it, but it is not going to be, understandingly, if passed under the present situation. If it be true that it is intended that some of these funds are to be used for the purpose of paying subsidies either directly or by the purchase of Commodity Credit Corporation goods, then we ought to know the amount of that, and, to make the amendment effective, that amount should be deducted from the bill. It seems to me that we have reached a situation here that would make it difficult to legislate understandingly unless we have further information.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield with pleasure to the gentleman from New York.

Mr. WADSWORTH. My understanding is that the Government through its appropriate agencies, I think the Commodity Credit Corporation, has agreed to take over from the canners of the country the entire pack of certain types of vegetables, peas, and sweet corn, for example, at a certain fixed price, and then to turn over to the retail trade a sufficient amount for civilian consumption. The ceiling price, however, fixed on the retail trade is lower than can be met by the canners if they so contract. So, some agency of the Government is to step in and pay the canners the difference. In other words, it is a subsidy, and all the canned goods that are to be purchased in this country of these categories are to be purchased by the Government under some sort of subsidy.

Mr. CASE. I think the gentleman is absolutely correct.

Mr. WADSWORTH. Lend-lease is helpless in the matter. Lend-lease does not do the purchasing, does not fix the price, does not distribute the subsidy, but this appropriation must be used of course in helping the Government to buy canned goods for lend-lease, and under the policies of other branches of the Government lend-lease would be the only agency of the Government whose money could not be used in this subsidy business, with which I entirely disagree, while all other agencies of the Government would be free to do so. We are getting into a difficult situation. I am in sympathy with the objective, but I wonder if it will work in this case.

Mr. FORD. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from California.

Mr. FORD. Mr. Chairman, the situation the gentleman outlined is correct in some degree, but Lend-Lease takes the product at a price. If that price is lower than what the producer can put it on the market for, then the Commodity Credit Corporation steps in and makes up the difference. You might call it a subsidy, you might call it anything you want, but it is a fact that the Commodity Credit Corporation is attempting at this time to enable Lend-Lease to buy these products at a price they feel they can pay, and take care of the difference. We had this matter up before our committee.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent to proceed for 2 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CANNON of Missouri. Mr. Chairman, this question did not arise in the hearings or in the committee. Mr. Stettinius at no time made any statement on it, or any reference to it, and the information which the gentleman from New York [Mr. TABER] has, and his statement is the first intimation that the matter was under consideration. As I have said before, under the provisions of the bill, the amendment is apparently inapplicable, but the committee, out of an abundance of caution, is willing to accept the amendment.

Mr. BREHM. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Ohio.

Mr. BREHM. I wonder what the effect of this amendment will be so far as section 5b of the original Lend-Lease Act is concerned, which provides as follows:

> The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property or any other direct or indirect benefit which the President deems satisfactory.

Is it not in direct conflict with that, regardless of any amendment?

Mr. CANNON of Missouri. I appreciate the suggestion of the gentleman, but in view of the circumstance that particular provision is not applicable to the present situation. As a matter of fact, it seems entirely unlikely that the pending amendment is applicable. Under language of the bill no money carried by the bill can be used for subsidies. However, to expedite consideration we are willing to agree to the amendment.

Mr. McCORMACK. In other words, the gentleman from Missouri takes the responsibility for agreeing to the amendment?

Mr. CANNON of Missouri. I do so only——

Mr. McCORMACK. I want the RECORD to show that.

Mr. CANNON of Missouri. I do so only after consultation with and by direction of a majority of the members of the subcommittee reporting the bill.

Mr. McCORMACK. In other words, the gentleman from Missouri after collaborating and consulting with other members of the subcommittee, takes the responsibility of accepting this amendment. I want the RECORD to show that fact.

Mr. CANNON of Missouri. May I say that the committee takes, and has always taken, all responsibility for the bills it reports to the House and for every amendment which it accepts on the floor. In this instance, I have conferred with a majority of the members of the subcommittee reporting the bill on this side of the aisle—all but one of whom are sitting within reach of the table here and I am directed by them to accept the amendment.

Mr. O'NEAL. Not unless it is limited, as I have indicated.

Mr. CANNON of Missouri. The gentleman from Kentucky agrees conditionally, a condition which I understand the gentleman from New York [Mr. TABER] will meet.

Mr. TABER. Mr. Chairman, I ask unanimous consent to amend the amendment by inserting the word "domestic" before the word "subsidy."

The CHAIRMAN. Is there objection?

Mr. CASE. Mr. Chairman, reserving the right to object, it seems to me that that raises the issue that the membership should know something about. If the amendment is to apply to all production, that is one thing; but if it is

confined to prohibiting subsidies for domestic production, that is something else. The truth is that we do not have enough information before us on the point that has been raised. It is evident that the program that is proposed to be operated through purchases by the Commodity Credit Corporation might be directly affected, and the purchase program of lend-lease might be crippled or otherwise affected. I question very much that the House has sufficient information to pass upon these questions intelligently. It seems to me we should have assurance from the chairman of the committee, who will be a member of the conference committee, that the whole question will be thoroughly gone into in conference. Today we do not have the information; we do not know what amount is proposed to be used for subsidies directly or through purchases from the Commodity Credit Corporation. If we did, and the House favors the amendment, then we should deduct that amount from the bill. But whatever we do, I do not think we should go on record as opposing subsidies for domestic production and inviting them for foreign production. I object to the modification of the amendment as requested.

Mr. CANNON of Missouri. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from New York [Mr. TABER] that the word "domestic" be inserted before the word "subsidy."

The Clerk read as follows:

Amendment offered by Mr. CANNON of Missouri to the amendment offered by Mr. TABER: Insert the word "domestic" before the word "subsidy" in the Taber amendment.

Mr. CASE. Mr. Chairman, I rise in opposition to the amendment to the amendment. I want to point out that the effect of that is to say it is all right to use this money to subsidize foreign production but you are not going to use any of this money to subsidize domestic production. It puts us in an impossible position.

Mr. WOODRUM of Virginia. Will the gentleman yield?

Mr. CASE. I yield.

Mr. WOODRUM of Virginia. I will say to the gentleman that if there was any intention whatever to use any of these lend-lease funds for the payment of subsidies on agricultural products, in the sense in which we have lately become accustomed to thinking of subsidies, and on which Congress has lately expressed its disapproval, we heard nothing of it in the committee hearings, although we had very careful and very detailed hearings. I am sure that lend-lease did not intentionally conceal anything, but if that was the purpose and the intention, certainly it did not develop. Personally I would be much opposed to such subsidies, and have voted against them. I do not think this matter is very clear, the way we have it here, but I think there will be ample opportunity at the later consideration of the bill for it to be easily worked out in the other body, where hearings could be had and the conferees on the part of the House could take it up. I would like to see the amendment go in.

Mr. CASE. I have no objection to the original amendment going in, for the purpose of raising the question in the other body and insuring that the issue will be before the conference with the Senate, but the adoption of the amendment to the amendment would put this House on record as saying it is all right to use this money for foreign subsidies, but we will not use it for subsidizing domestic production.

Mr. WOODRUM of Virginia. I would like to see the amendment adopted in its original form.

Mr. CASE. Yes. I have no objection to the amendment in its original form, so that the question will be raised and considered as I have stated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. CANNON] to the amendment offered by the gentleman from New York [Mr. TABER].

The amendment to the amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from New York [Mr. TABER].

The amendment was agreed to.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent to proceed for 1 minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CANNON of Missouri. Mr. Chairman, the majority members of the Deficiency Subcommittee which reported out this bill are sitting about me here. I have consulted them and believe I express the opinion of all when I say we are willing to accept this amendment.

Mr. RABAUT. Will the gentleman yield?

Mr. CANNON of Missouri. I yield.

Mr. RABAUT. I do not like the idea at all of writing an amendment like this on the floor of the House. This is a far-reaching amendment, as the gentleman from New York [Mr. WADSWORTH] has said. I am sorry that we do things in this fashion. It is true, it never came up in the committee; but just because it did not come up in the committee is no reason that it may not be a dangerous amendment at this time. I really object to the amendment.

Mr. CANNON of Missouri. Then all approve except one.

Mr. TABER. The amendment has already been agreed to.

Mr. CANNON of Missouri. It is merely a matter of approval by the subcommittee on this side of the aisle. The question has not been raised before, and this is the first opportunity to secure the views of the committee.

Mr. O'NEAL. Will the gentleman yield?

Mr. CANNON of Missouri. I yield.

Mr. O'NEAL. The Senate might disappoint us and accept it, and then we would be in a fine condition.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 3. This act may be cited as the "Defense Aid Supplemental Appropriation Act, 1943."

Mr. CANNON of Missouri. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and the bill as amended do pass.

The motion was agreed to.

Accordingly the Speaker resumed the chair, and Mr. MILLS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 2753) making supplemental appropriations to carry out the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes, directed him to report the same back to the House with an amendment adopted in the Committee of the Whole with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. CANNON of Missouri. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. TARVER) there were—ayes 75, noes 41.

Mr. TARVER. Mr. Speaker, I object to the vote on the ground there is not a quorum present, and make the point of order that a quorum is not present.

The SPEAKER. Evidently no quorum is present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 214, nays 96, not voting 122, as follows:

[Roll No. 78]

YEAS—214

Abernethy	Disney	Hope
Andersen, H. Carl	Ditter	Horan
Anderson, Calif.	Dondero	Howell
Andresen, August H.	Doughton	Jarman
Andrews	Douglas	Jeffrey
Angell	Durham	Jenkins
Arends	Dworshak	Jennings
Arnold	Ellis	Johnson, Anton J.
Auchincloss	Ellison, Md.	Johnson, Calvin D.
Barden	Ellsworth	Johnson, Ind.
Barrett	Elston, Ohio	Johnson, J. Leroy
Bates, Mass.	Engel	Johnson, Okla.
Beall	Fellows	Johnson, Ward
Bell	Fenton	Jones
Bennett, Mich.	Fish	Jonkman
Bennett, Mo.	Fulmer	Kean
Bishop	Gale	Keefe
Blackney	Gamble	Kerr
Bland	Gavin	Kilburn
Boren	Gearhart	Kilday
Brehm	Gifford	Knutson
Brown, Ohio	Gillie	Kunkel
Bulwinkle	Gore	LaFollette
Burch, Va.	Gossett	Lambertson
Busbey	Graham	Landis
Butler	Grant, Ala.	Lanham
Canfield	Grant, Ind.	LeCompte
Cannon, Mo.	Griffiths	LeFevre
Carlson, Kans.	Gross	Ludlow
Carlson, Ohio	Gwynne	McCowen
Carter	Hall, Edwin Arthur	McGehee
Case	Hall, Leonard W.	McGregor
Chenoweth	Halleck	McLean
Chiperfield	Hancock	McWilliams
Church	Hare	Manasco
Clason	Harless, Ariz.	Mansfield, Tex.
Clevenger	Harris, Va.	Martin, Iowa
Cole, Mo.	Hartley	Martin, Mass.
Compton	Heidinger	Mason
Cooley	Herter	Merrow
Cravens	Hess	Michener
Crawford	Hill	Miller, Conn.
Curtis	Hoffman	Miller, Mo.
Day	Holmes, Mass.	Miller, Nebr.
Dirksen	Holmes, Wash.	

Mills	Robsion, Ky.	Stockman
Monkiewicz	Rockwell	Sullivan
Mott	Rodgers, Pa.	Sumner, Ill.
Mruk	Rogers, Mass.	Sumners, Tex.
Mundt	Rohrbough	Sundstrom
Murdock	Rowe	Taber
Murray, Tenn.	Sasscer	Talbot
Murray, Wis.	Satterfield	Talle
Newsome	Schiffler	Towe
Nichols	Schwabe	Troutman
Norman	Shafer	Van Zandt
Norrell	Sheppard	Vorys, Ohio
O'Hara	Short	Vursell
Pace	Sikes	Walter
Peterson, Fla.	Simpson, Ill.	Weichel, Ohio
Pittenger	Simpson, Pa.	West
Ploeser	Smith, Maine	Wheat
Plumley	Smith, Va.	Whitten
Poage	Smith, Wis.	Whittington
Powers	Snyder	Wickersham
Price	Spence	Wigglesworth
Ramey	Springer	Winstead
Rankin	Stanley	Winter
Reece, Tenn.	Starnes, Ala.	Wolcott
Reed, N. Y.	Steagall	Wolverton, N. J.
Rees, Kans.	Stefan	Woodrum, Va.
Rizley	Stevenson	

NAYS—96

Allen, La.	Fulbright	Murphy
Anderson, N. Mex.	Gilchrist	O'Brien, Ill.
	Gordon	O'Brien, Mich.
Bates, Ky.	Gorski	O'Connor
Beckworth	Green	O'Konski
Bloom	Gregory	O'Neal
Bonner	Hagen	Outland
Bradley, Pa.	Harris, Ark.	Patton
Brooks	Hays	Poulson
Brown, Ga.	Hobbs	Priest
Bryson	Hoeven	Rabaut
Burdick	Holifield	Ramspeck
Burgin	Hull	Robinson, Utah
Camp	Jackson	Rowan
Chapman	Johnson, Luther A.	Russell
Coffee		Sadowski
Cooper	Johnson, Lyndon B.	Scanlon
Creal		Schuetz
Crosser	Kee	Sheridan
Cullen	Kefauver	Sparkman
Cunningham	Kelley	Stewart
Curley	Kleberg	Tarver
D'Alesandro	Larcade	Thomas, Tex.
Dilweg	Lemke	Thomason
Dingell	Lesinski	Vincent, Ky.
Eberharter	McCormack	Voorhis, Calif.
Feighan	Madden	Wadsworth
Fernandez	Magnuson	Weaver
Fisher	Mahon	Whelchel, Ga.
Fitzpatrick	Mansfield, Mont.	Willey
Flannagan		Wright
Fogarty	May	Zimmerman
Forand	Monroney	
Ford	Morrison, N. C.	

NOT VOTING—122

Allen, Ill.	Gibson	O'Brien, N. Y.
Baldwin, Md.	Gillette	O'Leary
Baldwin, N. Y.	Goodwin	O'Toole
Barry	Granger	Patman
Bender	Guyer	Peterson, Ga.
Bolton	Hale	Pfeifer
Boykin	Harness, Ind.	Philbin
Bradley, Mich.	Hart	Phillips
Buckley	Hébert	Pracht
Buffett	Heffernan	Randolph
Burchill, N. Y.	Hendricks	Reed, Ill.
Byrne	Hinshaw	Richards
Cannon, Fla.	Hoch	Rivers
Capozzoli	Izac	Robertson
Celler	Jensen	Rogers, Calif.
Clark	Judd	Rolph
Cochran	Kearney	Sabath
Cole, N. Y.	Kennedy	Sauthoff
Colmer	Keogh	Scott
Costello	King	Slaughter
Courtney	Kinzer	Smith, Ohio
Cox	Kirwan	Smith, W. Va.
Culkin	Klein	Somers, N. Y.
Davis	Lane	Stearns, N. H.
Dawson	Lea	Taylor
Delaney	Lewis	Thomas, N. J.
Dewey	Luce	Tibbott
Dickstein	Lynch	Tolan
Dies	McCord	Treadway
Domengeaux	McGranery	Vinson, Ga.
Drewry	McKenzie	Ward
Eaton	McMillan	Wasielewski
Elliott	McMurray	Weiss
Elmer	Maas	Welch
Fay	Maloney	Wene
Folger	Marcantonio	White
Furlong	Merritt	Wilson
Gallagher	Miller, Pa.	Wolfenden, Pa.
Gathings	Morrison, La.	Woodruff, Mich.
Gavagan	Myers	Worley
Gerlach	Norton	

So the amendment was agreed to.

The Clerk announced the following pairs:

Mr. Goodwin for, with Mr. Colmer against.

Mr. Smith of West Virginia for, with Mr. Domengeaux against.

Mr. Harness of Indiana for, with Mr. Cox again.

General pairs:

Mr. Dies with Mr. Thomas of New Jersey.

Mr. Hoch with Mr. Wolfenden of Pennsylvania.

Mr. Klein with Mr. Bender.

Mr. Furlong with Mr. Gallagher.

Mr. Randolph with Mr. Phillips.

Mr. Hart with Mr. Reed of Illinois.

Mr. Hébert with Mr. Scott.

Mr. Burchill of New York with Mr. Stearns of New Hampshire.

Mr. Izac with Mr. Welch.

Mr. Clark with Mr. Kearney.

Mr. Hendricks with Mr. Bradley of Michigan.

Mr. Drewry with Mr. Kinzer.

Mr. Buckley with Mr. Taylor.

Mr. Folger with Mr. Pracht.

Mr. Merritt with Mr. Lewis of Ohio.

Mr. Vinson of Georgia with Mr. Tibbott.

Mr. Delaney with Mr. Smith of Ohio.

Mr. Lane with Mr. Miller of Pennsylvania.

Mr. Gavagan with Mr. Eaton.

Mr. Cannon of Florida with Mr. O'Brien of New York.

Mr. Pfeifer with Mr. Culkin.

Mrs. Norton with Mr. Woodruff of Michigan.

Mr. Costello with Mr. Rolph.

Mr. Kennedy with Mr. Elmer.

Mr. Cochran with Mr. Dewey.

Mr. Kirwan with Mrs. Bolton.

Mr. Keogh with Mr. Jensen.

Mr. Peterson of Georgia with Mr. Baldwin of New York.

Mr. Worley with Mr. Allen of Illinois.

Mr. Capozzoli with Mr. Cole of New York.

Mr. Fay with Mr. Maas.

Mr. Ward with Mr. Hale.

Mr. O'Leary with Mr. Gillette.

Mr. Barry with Mr. Treadway.

Mr. O'Toole with Mr. Wilson.

Mr. Somers of New York with Mr. Guyer.

Mr. CULLEN changed his vote from "aye" to "no."

The result of the vote was announced as above recorded.

The doors were opened.

The bill was ordered to be read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. CANNON of Missouri. On that I demand the yeas and nays.

The yeas and nays were ordered.

The Clerk called the roll; and there were—yeas 309, nays 4, answered "present" 1, not voting 118, as follows:

[Roll No. 79]

YEAS—309

Abernethy	Bell	Camp
Allen, La.	Bennett, Mich.	Canfield
Andersen, H. Carl	Bennett, Mo.	Cannon, Mo.
	Bishop	Carlson, Kans.
Anderson, Calif.	Blackney	Carson, Ohio
Anderson, N. Mex.	Bland	Carter
	Bloom	Case
Andresen, August H.	Bonner	Chapman
	Boren	Chenoweth
Andrews	Bradley, Pa.	Chiperfield
Angell	Brehm	Church
Arends	Brooks	Clason
Arnold	Brown, Ga.	Coffee
Auchincloss	Brown, Ohio	Cole, Mo.
Barden	Bryson	Compton
Barrett	Bulwinkle	Cooley
Bates, Ky.	Burdick	Cooper
Bates, Mass.	Burgin	Cravens
Beall	Busbey	Creal
Beckworth	Butler	Crosser
Cullen	Johnson, Calvin D.	Priest
Cunningham		Rabaut
Curley	Johnson, Ind.	Ramey
Curtis	Johnson, J. Leroy	Ramspeck
D'Alesandro		Rankin
Day	Johnson, Luther A.	Reece, Tenn.
Dilweg		Reed, Ill.
Dingell	Johnson, Lyndon B.	Reed, N. Y.
Dirksen		Rees, Kans.
Disney	Johnson, Okla.	Richards
Ditter	Johnson, Ward	Rivers
Dondero	Jonkman	Rizley
Doughton	Kean	Robinson, Utah
Douglas	Kee	Robsion, Ky.
Drewry	Keefe	Rockwell
Durham	Kefauver	Rodgers, Pa.
Dworshak	Kelley	Rogers, Mass.
Eberharter	Kerr	Rohrbough
Ellis	Kilburn	Rowan
Ellison, Md.	Kilday	Rowe
Ellsworth	King	Russell
Elston, Ohio	Kirwan	Sadowski
Engel	Kleberg	Sasscer
Feighan	Knutson	Satterfield
Fellows	Kunkel	Scanlon
Fenton	LaFollette	Schiffler
Fernandez	Lambertson	Schuetz
Fish	Landis	Schwabe
Fisher	Lanham	Shafer
Fitzpatrick	Larcade	Sheppard
Flannagan	LeCompte	Sheridan
Fogarty	LeFevre	Short
Forand	Lemke	Sikes
Ford	Lesinski	Simpson, Ill.
Fulbright	Ludlow	Smith, Maine
Fulmer	McCormack	Smith, Va.
Gale	McCowen	Smith, W. Va.
Gamble	McGregor	Smith, Wis.
Gathings	McLean	Snyder
Gavin	McMillan	Sparkman
Gearhart	McWilliams	Spence
Gifford	Madden	Springer
Gilchrist	Magnuson	Stanley
Gillie	Mahon	Starnes, Ala.
Gordon	Manasco	Steagall
Gore	Mansfield, Mont.	Stefan
Gorski		Stevenson
Gossett	Mansfield, Tex.	Stewart
Graham	Martin, Iowa	Stockman
Grant, Ala.	Martin, Mass.	Sullivan
Grant, Ind.	Mason	Sumner, Ill.
Green	May	Sumners, Tex.
Gregory	Merrow	Sundstrom
Griffiths	Michener	Taber
Gross	Miller, Conn.	Talbot
Gwynne	Miller, Mo.	Talle
Hagen	Miller, Nebr.	Tarver
Hall, Edwin Arthur	Mills	Thomas, Tex.
	Monkiewicz	Thomason
Hall, Leonard W.	Monroney	Towe
	Morrison, La.	Troutman
Halleck	Morrison, N. C.	Van Zandt
Hancock	Mott	Vincent, Ky.
Hare	Mruk	Voorhis, Calif.
Harless, Ariz.	Mundt	Vorys, Ohio
Harris, Ark.	Murdock	Vursell
Harris, Va.	Murphy	Wadsworth
Hartley	Murray, Tenn.	Walter
Hays	Murray, Wis.	Weaver
Herter	Newsome	Welchel, Ohio
Hess	Nichols	West
Hill	Norman	Wheat
Hobbs	Norrell	Whelchel, Ga.
Hoeven	O'Brien, Ill.	Whitten
Holifield	O'Brien, Mich.	Whittington
Holmes, Mass.	O'Connor	Wickersham
Holmes, Wash.	O'Neal	Wigglesworth
Hope	Outland	Willey
Horan	Pace	Winstead
Howell	Patton	Winter
Hull	Peterson, Fla.	Wolcott
Jackson	Pittenger	Wolverton, N. J.
Jarman	Ploeser	Wright
Jeffrey	Plumley	Zimmerman
Jenkins	Poage	
Jennings	Poulson	
Johnson, Anton J.	Powers	
	Price	

NAYS—4

Crawford	O'Hara	O'Konski
Jones		

ANSWERED "PRESENT"—1

Clevenger

NOT VOTING—118

Allen, Ill.	Burch, Va.	Costello
Baldwn, Md.	Burchill, N. Y.	Courtney
Baldwin, N. Y.	Byrne	Cox
Barry	Cannon, Fla.	Culkin
Bender	Capozzoli	Davis
Bolton	Celler	Dawson
Boykin	Clark	Delaney
Bradley, Mich.	Cochran	Dewey
Buckley	Cole, N. Y.	Dickstein
Buffett	Colmer	Dies

Domengeaux	Keogh	Robertson
Eaton	Kinzer	Rogers, Calif.
Elliott	Klein	Rolph
Elmer	Lane	Sabath
Fay	Lea	Sauthoff
Folger	Lewis	Scott
Furlong	Luce	Simpson, Pa.
Gallagher	Lynch	Slaughter
Gavagan	McCord	Smith, Ohio
Gerlach	McGehee	Somers, N. Y.
Gibson	McGranery	Stearns, N. H.
Gillette	McKenzie	Taylor
Goodwin	McMurray	Thomas, N. J.
Granger	Maas	Tibbott
Guyer	Maloney	Tolan
Hale	Marcantonio	Treadway
Harness, Ind.	Merritt	Vinson, Ga.
Hart	Miller, Pa.	Ward
Hébert	Myers	Wasielewski
Heffernan	Norton	Weiss
Heidinger	O'Brien, N. Y.	Welch
Hendricks	O'Leary	Wene
Hinshaw	O'Toole	White
Hoch	Patman	Wilson
Hoffman	Peterson, Ga.	Wolfenden, Pa.
Izac	Pfeifer	Woodruff, Mich.
Jensen	Philbin	Woodrum, Va.
Judd	Phillips	Worley
Kearney	Pracht	
Kennedy	Randolph	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Clevenger for, with Mr. Smith of Ohio against.

General pairs:

Mr. Colmer with Mr. Goodwin.
Mr. Cox with Mr. Harness of Indiana.
Mr. Dies with Mr. Thomas of New Jersey.
Mr. Domengeaux with Mr. Kinzer.
Mr. Hoch with Mr. Wolfenden of Pennsylvania.
Mr. Heffernan with Mr. Heidinger.
Mr. Klein with Mr. Bender.
Mr. Furlong with Mr. Gallagher.
Mr. Randolph with Mr. Phillips.
Mr. Hébert with Mr. Scott.
Mr. Burchill of New York with Mr. Stearns of New Hampshire.
Mr. Izac with Mr. Welch.
Mr. Clark with Mr. Kearney.
Mr. Hendricks with Mr. Bradley of Michigan.
Mr. Buckley with Mr. Taylor.
Mr. Folger with Mr. Pracht.
Mr. Merritt with Mr. Lewis of Ohio.
Mr. Vinson of Georgia with Mr. Tibbott.
Mr. Lane with Mr. Miller of Pennsylvania.
Mr. Gavagan with Mr. Eaton.
Mr. Pfeifer with Mr. Culkin.
Mrs. Norton with Mr. Woodruff of Michigan.
Mr. Costello with Mr. Rolph.
Mr. Kennedy with Mr. Elmer.
Mr. Cochran with Mr. Dewey.
Mr. Woodrum of Virginia with Mrs. Bolton.
Mr. Keogh with Mr. Jensen.
Mr. Peterson of Georgia with Mr. Baldwin of New York.
Mr. Worley with Mr. Allen of Illinois.
Mr. Capozzoli with Mr. Cole of New York.
Mr. Fay with Mr. Maas.
Mr. Ward with Mr. Hale.
Mr. O'Leary with Mr. Gillette.
Mr. Barry with Mr. Treadway.
Mr. Hart with Mr. O'Brien of New York.
Mr. O'Toole with Mr. Wilson.
Mr. Delaney with Mr. Hoffman.
Mr. Somers of New York with Mr. Guyer.

Mr. THOMAS of Texas changed his vote from "yea" to "nay."

Mr. CLEVENGER. Mr. Speaker, I have a pair with the gentleman from Ohio, Mr. SMITH, and I therefore withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that all Members who spoke on the bill may have 5 legislative days within which to revise and extend their own remarks on the bill.

The SPEAKER pro tempore (Mr. LUTHER A. JOHNSON). Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

There was no objection.

ADJOURNMENT OVER

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts [Mr. McCORMACK]?

There was no objection.

DISTRIBUTION OF FARM PRODUCTS

Mr. NICHOLS, from the Committee on Rules, submitted the following privileged resolution (Report No. 477) authorizing the Committee on Agriculture to make a study and investigation of the present system of marketing, transportation, and distribution of farm products, and so forth, which was referred to the House Calendar and ordered to be printed:

Resolved, That the Committee on Agriculture, acting as a whole or by subcommittee, is authorized and directed to make a study and investigation of the present system of marketing, transportation, and distribution of farm products from rural areas through the various marketing agencies to the ultimate consumer, as it affects farmers, the various types of middlemen, wholesalers, retailers, and consumers, with a view to ascertaining, among other things:

(a) The effectiveness of the present system of marketing, and the adequacy of present marketing facilities, with particular regard to the protection of farmers and consumers;

(b) The effect of transactions on the futures grain and cotton exchanges upon such system and upon farmers and consumers;

(c) The existence of any practices in connecting with the grading, storing, processing, transporting, distributing, or marketing of farm products, which adversely affect farmers and consumers;

(d) The present and prospective development of the types and methods of transportation for farm products, and the existence, if any, of discrimination in railway freight or in motor-carrier rates on farm products in the various areas; and

(e) The feasibility of establishing an up-to-date marketing and distributing system from the rural areas through local, State, and national marketing agencies under a farm cooperative program that would provide facilities for proper grading and distribution, necessary storage, and for other essential activities of an orderly marketing program.

The committee shall make a report to the House as soon as practicable after its study and investigation has been concluded, and in its report the committee shall make such recommendations as it may deem proper, including recommendations with respect to any legislative action necessary to effectuate its recommendations.

SEC. 2. For the purposes of this resolution the committee, or any subcommittee thereof, is authorized and directed to hold such hearings, to sit and act during the present Congress at such times and places within the United States, whether the House is in session, has recessed, or has adjourned, to employ such experts and such clerical, stenographic, and other assistants, to require the attendance of such witnesses and the production of such books, papers, and documents by subpena or otherwise, to take such testimony, to have such printing and binding done, and to make such expenditures as it deems necessary. Subpenas shall be issued over the signature of the chairman of the committee, and may be served by any person designated by the chairman. Oaths or affirmations may be administered by the chairman or any member of the commitee designated by him.

EXTENSION OF REMARKS

Mr. O'CONNOR asked and was given permission to revise and extend his own remarks in the RECORD.

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that my colleague from Vermont [Mr. PLUMLEY] may be permitted to extend his own remarks in the RECORD and also that my colleague from Nebraska [Mr. CURTIS] may be allowed to extend his own remarks in the RECORD and to include a letter to himself.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. MARTIN]?

There was no objection.

[The matter referred to appears in the Appendix.]

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. MARTIN]?

There was no objection.

LEGISLATIVE PROGRAM FOR NEXT WEEK

Mr. MARTIN of Massachusetts. Mr. Speaker, I take this opportunity to inquire of the majority leader if he can inform the House as to the program for next week.

Mr. McCORMACK. Mr. Speaker, on Monday, as we all know, the anti-poll-tax bill comes up for consideration on motion to discharge the committee, with 20 minutes debate. If that motion is adopted, immediately thereafter there will be a vote on adoption of the resolution. Then, of course, the bill goes over for 2 hours' general debate and for reading under the 5-minute rule until the next day, Tuesday.

After that matter is disposed of on Monday, it is the intention to call up a conference report on the civil functions appropriation bill. A complete report has been filed today and it is intended to call that up Monday afternoon.

Mr. MARTIN of Massachusetts. Does the gentleman have any confidence that the poll-tax bill will be finished on Monday?

Mr. McCORMACK. There are two parts to the legislative consideration of the bill. There is discharge of the committee and adoption of the resolution. When that is done then the 2 hours' general debate come up the next day under the rule.

Mr. MARTIN of Massachusetts. It is obliged to go over a day?

Mr. McCORMACK. Yes. On Tuesday there will be debate on the anti-poll-tax bill under the rules.

Wednesday will be taken up with memorial services.

On Thursday the House will consider House Resolution 38, authorizing the Committee on Agriculture to investigate the present system of marketing, transportation, and distribution of farm products. That has been reported out of the Rules Committee and it is intended to bring that up on Thursday. Also a bill from the Military Affairs Committee in relation to the WAAC's will be brought up on that day. Unanimous consent was obtained a few weeks ago for the consideration of that bill.

If there is any time left on that day and on Friday, there are three bills reported by the Committee on Immigration to be considered: H. R. 1291, to amend the Nationality Act of 1940; H. R. 1295, to amend the Nationality Act of 1940 to preserve the residence for naturalization purposes of certain aliens serving in the armed forces of our allies; and also H. R. 1941, to permit naturalization of certain persons not citizens whose sons or daughters are serving in the armed forces of the United States.

Mr. GREEN. Do either of those bills pertain to the Chinese?

Mr. McCORMACK. No.

Mr. MARTIN of Massachusetts. May I ask the majority leader, is it the purpose of the leadership to be in session on Memorial Day, May 31?

Mr. McCORMACK. Before answering that, may I say that a conference is going on now on the tax bill. With the exception of Monday, Tuesday, and Wednesday, those days being definitely set aside for the consideration of certain bills, there would have to be taken into consideration the fact that action may have to be taken on the tax bill that is now pending in conference. I want it understood by the House that will have priority of consideration.

Mr. McCORMACK. I have not consulted with the Speaker or my distinguished friend from Massachusetts as to whether the House should meet on Memorial Day or not; I have no definite comment to make.

Mr. MARTIN of Massachusetts. I think the Members of the House would like to know at the earliest possible moment whether the House is to meet on Memorial Day, in order to enable them to arrange such speaking engagements as they may have.

Mr. McCORMACK. So far as I am personally concerned, I think that is such an important day in the life of our Nation, so intimately connected with honoring the dead who have served in our various wars, and of particular significance at this time with the war on, that it might be well for the Congress of the United States to honor the heroes of the various wars in which the country has engaged by not sitting on that date.

Mr. SHORT. Mr. Speaker, will the gentleman yield for a question?

Mr. MARTIN of Massachusetts. I yield.

Mr. SHORT. I wonder if the majority leader can inform us concerning the antistrike bill which has been reported unanimously by the Committee on Military Affairs and on which a rule has been granted; when will it come up for consideration?

Mr. McCORMACK. As far as my program for next week is concerned, it is not on the program. After the rule is out for 7 legislative days any member of the Rules Committee can call it up.

Mr. SHORT. But it will not be brought up next week?

Mr. McCORMACK. I cannot answer that now. As far as the program I have announced is concerned, it is not on it. I understand quite a number of Members have made plans in connection with a trip for the information of the House relating to war activities, and that is one of the considerations which prompted making the program for next week as light as possible.

Mr. SHORT. That is just the reason I asked the question of the majority leader, but the measure is of such vast importance and is so timely that I think the sooner we can bring it up for consideration the better it will be for the country as a whole.

Mr. McCORMACK. I will not enter into the question of timeliness with my friend.

EXTENSION OF REMARKS

Mr. TABER. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made in the Committee today.

The SPEAKER. Is there objection?

There was no objection.

CORRECTION OF RECORD

Mr. HORAN. Mr. Speaker, in yesterday's RECORD my name appears to have been confused with that of the gentleman from Rhode Island [Mr. FORAND]. I ask that the correction be made.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. SHORT. Mr. Speaker, I ask unanimous consent that on Monday, following the disposition of the legislative business on the Speaker's desk, and after other special orders heretofore entered, I may be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. WIGGLESWORTH. Mr. Speaker, I ask unanimous consent that on Tuesday, May 25, at the conclusion of the legislative business and following any special orders heretofore entered, the gentleman from Connecticut [Mr. MONKIEWICZ] may address the House for 15 minutes.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. WIGGLESWORTH. Mr. Speaker, I ask unanimous consent that I may extend the remarks I made today and include therein certain tables.

The SPEAKER. Is there objection?

There was no objection.

(Mr. O'KONSKI and Mr. SADOWSKI asked and were given permission to extend their own remarks in the RECORD.)

EXTENSION OF REMARKS

Mr. GREEN. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein a letter from Dr. Townsend.

The SPEAKER. Is there objection?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. EDWIN ARTHUR HALL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

[The matter referred to will appear hereafter in the Appendix.]

Mr. ROWAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an article from the Chicago Sun.

The SPEAKER. Is there objection?

There was no objection.

[The matter referred to appears in the Appendix.]

SPECIAL ORDER

The SPEAKER. Under a previous order of the House, the gentleman from Wisconsin [Mr. SMITH] is recognized for 20 minutes.

(Mr. SMITH of Wisconsin asked and was given permission to revise and extend his remarks.)

A FUMBLED FOOD PROGRAM—QUACK GRASS AND BIND WEED IN WASHINGTON CHOKE FOOD PRODUCTION

Mr. SMITH of Wisconsin. Mr. Speaker, now that the so-called abundant life has shed its sheep's clothing and come out in its true colors as the rationing of scarcity, it is high time for all of us—not only those who hail from farming areas, but also and indeed more especially, those who seldom set foot off the concrete wherein no Victory Garden ever has or ever can grow—it is high time, I say, for all of us to look face to face at some facts which are fundamental to food production in this country.

Let me remind you that no baby ever was successfully nursed from the corner of a ration card; nor was any starving child lulled to happy slumber by the reading of a directive, however plausible the phraseology in which it is couched, nor how soothing the voice whereby it may be promulgated.

Today we face the stark fact of scarcity and impending malnutrition, yet we live in what is normally the greatest food producing country in the world.

During the last recess, it was my privilege to meet and talk again with many of the farmers of southeast Wisconsin, one of the finest agricultural areas in the United States, and for that matter, the world. In spite of lack of labor, lack of farm machinery, lack of fertilizer, and other obstacles to maximum production, they assured me of their best efforts to produce the necessary feed for livestock and food for human beings so essential to winning the war.

Their fields in many instances, they told me, were ready to plant, but they did not have needed new machines for planting and seeding. Many of them

78TH CONGRESS
1ST SESSION

H. R. 2753

IN THE SENATE OF THE UNITED STATES

MAY 24, 1943

Read twice and referred to the Committee on Appropriations

AN ACT

Making supplemental appropriations to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, to enable the President, through such departments or agencies of the Government as he may designate, further to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for each and every purpose

incident to or necessary therefor, the following sums for the following respective purposes:

(a) For the procurement, by manufacture or otherwise, of defense articles, information, and services, for the government of any country whose defense the President deems vital to the defense of the United States, and the disposition thereof, including all necessary expenses in connection therewith, as follows:

Vessels, ships, boats, and other watercraft, including the hire or other temporary use thereof, and equipage, supplies, materials, spare parts, and accessories, $1,552,659,000.

Agricultural, industrial, and other commodities and articles, $4,452,623,000.

(b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith, $259,348,000.

(c) For administrative expenses, $8,999,000: *Provided,* That transfers may be made from this appropriation to the consolidated appropriation for "Necessary services and expenses" to the extent necessary to reimburse such appropriation for transfers made pursuant to the Urgent Deficiency Appropriation Act, 1943.

(d) In all, $6,273,629,000, to be available until June 30, 1944.

(e) Each of the foregoing appropriations shall be additional to, and consolidated with, the appropriations for the same purposes, contained in the same respective categories of appropriation in the Defense Aid Supplemental Appropriation Act, 1941, the Defense Aid Supplemental Appropriation Act, 1942, and the Second Defense Aid Supplemental Appropriation Act, 1942, and the appropriations contained in the foregoing Acts, are hereby continued and shall be available until June 30, 1944: *Provided*, That with the exception of the appropriation for "Administrative expenses", not to exceed 20 per centum of any of such consolidated appropriations may be transferred by the President to any other of such consolidated appropriations, but no such appropriation shall be increased more than 30 per centum thereby: *Provided further*, That notwithstanding the foregoing proviso (1) balances, unobligated as of April 30, 1943, and balances subsequently released from obligation, of appropriations contained in the foregoing Acts for "Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof", may be transferred by the President to and consolidated with the appropriation provided above for "Agricultural, industrial, and other commodities and articles", and (2) balances, unobligated as of

April 30, 1943, and balances subsequently released from obligation, of appropriations contained in the foregoing Acts for "Necessary services and expenses" may be transferred by the President to and consolidated with any of the appropriations provided above, except the appropriation for "Administrative expenses."

SEC. 2. Any defense article, information, or service procured from funds appropriated by this Act or prior acts appropriating funds to the President for the purpose of carrying out the provisions of said Act of March 11, 1941, as amended, shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby: *Provided further*, That none of the funds appropriated in this Act shall be used for the payment of any subsidy on agricultural products.

SEC. 3. This Act may be cited as the "Defense Aid Supplemental Appropriation Act, 1943".

Passed the House of Representatives May 21, 1943.

Attest: SOUTH TRIMBLE,

Clerk.

78TH CONGRESS
1ST SESSION

H. R. 2753

AN ACT

Making supplemental appropriations to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes.

MAY 24, 1943

Read twice and referred to the Committee on Appropriations

DEFENSE AID (LEND-LEASE) SUPPLEMENTAL APPROPRIATION BILL, 1943

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

SEVENTY-EIGHTH CONGRESS

FIRST SESSION

ON

H. R. 2753

AN ACT MAKING SUPPLEMENTAL APPROPRIATIONS TO CARRY OUT THE PROVISIONS OF AN ACT TO PROMOTE THE DEFENSE OF THE UNITED STATES, APPROVED MARCH 11, 1941, AS AMENDED, AND FOR OTHER PURPOSES

Printed for the use of the Committee on Appropriations

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DEFENSE AID (LEND-LEASE) SUPPLEMENTAL APPROPRIATION BILL, 1943

MONDAY, MAY 24, 1943

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met at 10:30 a. m., Hon. Kenneth McKellar, presiding.

Present: Senators McKellar (presiding), Hayden, Tydings, Bankhead, Overton, Nye, Holman, Bridges, and Brooks.

Senator MCKELLAR. Mr. Stettinius, you have already given a very full statement to the House, and the report is here.

Have you any additional or different matters that you wish to discuss with the committee? If so, the floor is yours.

STATEMENTS OF E. R. STETTINIUS, JR., ADMINISTRATOR; J. E. ORCHARD, SENIOR ASSISTANT ADMINISTRATOR; AND OSCAR S. COX, GENERAL COUNSEL, OFFICE OF LEND-LEASE ADMINISTRATION, WASHINGTON, D. C.

Mr. STETTINIUS. Thank you, Mr. Chairman.

You have before you a black binder containing the basic information given during a long and detailed hearing before the House committee. This hearing lasted many days. A number of witnesses appeared and testified representing the various departments of the Government involved directly or indirectly in lend-lease operations.

If you will refer to the black binder, the first section contains a 37-page prepared statement which presents an over-all review of the past operations of Lend-Lease for the 2 years since we have been in existence. It explains in detail the need for additional funds and describes the way in which the Lend-Lease Act is administered.

Senator MCKELLAR. Could I suggest you leave that for the benefit of the committee?

Mr. STETTINIUS. I am going to leave that with you. It is in the published transcript of the House hearings.

Senator NYE. They are not secret now.

Mr. STETTINIUS. No, sir.

Senator NYE. They are now public property.

Mr. STETTINIUS. Yes, sir.

Senator NYE. There is a great deal of information contained therein.

Mr. STETTINIUS. The black binder is secret. The printed report from the committee is public.

LETTERS FROM OTHER DEPARTMENTS STATING PROGRAM CAN BE CARRIED OUT

I would like to call your attention also to a number of letters included following the statement in the first section of the black binder which certify that in the opinion of the heads of the agencies allocating materials and supplies for lend-lease purposes the lend-lease program upon which our appropriation is based is reasonably capable of fulfillment. For example there is a letter from Mr. Jeffers with regard to rubber; one from Chester Davis, with regard to food; one from the Secretary of Agriculture, Mr. Wickard, with regard to farm machinery; one from Admiral Land, with regard to shipping; and so on.

Senator McKellar. Are these published in the House hearings?

Mr. Stettinius. Yes, sir.

AMOUNT SPENT BY LEND-LEASE TO DATE

Senator McKellar. Before you go to that I would like to ask some general questions if it would not discommode you. In other words, how much have we spent in lend-lease up to date?

Mr. Stettinius. I have a one-page summary that I think will give you an over-all picture.

Senator McKellar. Is that in the House hearings?

Mr. Stettinius. Yes, it is; and it can be made public.

Senator McKellar. I believe I would like to have it in our record.

(The summary referred to is as follows:)

Why We Are Asking for Additional Funds

1. Since March 1941 there has been appropriated to the President specifically for lend-lease purposes a total of $18,400,000,000
2. By Apr. 30, 1943, we had placed contracts totaling $14,500,000,000 and an additional $1,800,000,000 had been committed for projects in process. Thus we had used a total of 16,300,000,000
3. This left us with "free funds" amounting to 2,100,000,000
4. For the next 14 months, from Apr. 30, 1943, through June 30, 1944, we estimate that our requirements will be 8,500,000,000
5. We are therefore requesting new funds amounting to 6,400,000,000
6. We are going to use this money to buy food, industrial materials, and other essential items and services for lend-lease countries. The amounts going to each will depend upon the strategical conditions when the goods are ready for delivery. The tentative break-down is as follows (exclusive categories 9 and 10):

	Millions of dollars	Long tons	
		Dry cargo	Wet cargo
Russia	$2,500		
United Kingdom	4,213		
Australia and New Zealand	328		
Other British	167		
India and China	252		
Other countries	637		
Total	8,097	19,400,000	17,800,000

7. The money will be used in about the following proportions:

Shipping and other services		$2,345,000,000
Agricultural products		2,860,000,000
Industrial materials:		
Petroleum products	$752,000,000	
Iron and steel	713,000,000	
Nonferrous metals	392,000,000	
Machinery and equipment	504,000,000	
All other commodities	915,000,000	
Total		3,276,000,000
Grand total		8,481,000,000

Tonnage of agricultural products and industrial materials is as follows:

DRY CARGO

Agricultural products	long tons	9,000,000
Industrial materials:		
Iron and steel	do	6,500,000
Nonferrous metals	do	500,000
Other (exclusive petroleum products)	do	3,400,000
Total	do	19,400,000

WET CARGO

Petroleum products	ship tons	22,100,000
Do	long tons	17,800,000

AMOUNT APPROPRIATED TO DATE AND AMOUNT OBLIGATED

Mr. STETTINIUS. I can give you a general statement in 2 or 3 minutes.

You will notice since March 1941 there has been appropriated $18,400,000,000.

By April 30, 1943, we had placed contracts totaling $14,500,000,000 and an additional $1,800,000,000 has been committed for projects in process. Thus we had used a total of $16,300,000,000. This left us with "free funds" amounting to $2,100,000,000.

Through June 30, 1944, we estimate that our requirements will be $8,500,000,000. We are therefore requesting new funds amounting to $6,400,000,000.

PROPOSED USE OF NEW FUNDS

This money will be used to buy food, industrial materials, and other essential items and services for lend-lease countries. The tentative break-down, to give you a bird's-eye view is as follows:

Russia, $2,500,000,000, and a tonnage figure of * * * tons dry cargo and * * * tons wet cargo.

United Kingdom, $4,123,000,000, dry cargo * * * tons, wet cargo, * * * tons.

Australia and New Zealand, $328,000,000, * * * tons dry cargo, * * * tons wet cargo.

Other British countries, $167,000,000, * * * tons dry cargo, and * * * tons wet cargo.

India and China, $252,000,000, * * * tons dry cargo, and * * * tons wet cargo.

Other countries, $637,000,000, * * * tons dry cargo, and * * * tons wet cargo, or a grand total, excluding categories 9 and 10, of $8,097,000,000, and an aggregate dry cargo of 19,400,000 tons.

PROPOSITION TO KILN-DRY WOOD BEFORE SHIPMENT

Senator McKellar. I got a letter this morning from a lumber corporation in Memphis, Tenn., in which it was stated that they furnished to your organization a great deal of hickory wood. If it was kiln dried before shipment it would save an immense amount of freight, but that one of the countries, I believe Great Britain, insisted on it being sent in its raw state so they could kiln dry it over there. These gentlemen at Memphis thought it would save a lot of manpower and a lot of freight if it was kiln dried in this country, and I am merely bringing it to your attention so you will look into it when you get back to your office.

Mr. Stettinius. We will look into it immediately and let you know.

Senator McKellar. Let us see about these figures. I note that India and China together have received only $252,000,000.

Mr. Stettinius. I don't quite understand your question.

Senator McKellar. What have they received in the past? What has China received?

Mr. Stettinius. Mr. Chairman, I believe this should be off the record.

Senator McKellar. Very well.

(Discussion off the record.)

Mr. Stettinius. Senator, before we get into detail I would like you to glance at the break-down and justification of our program.

Senator McKellar (interposing). One moment before we leave the subject we just had under discussion.

AMOUNT SUPPLIED BY GREAT BRITAIN AS REVERSE LEND-LEASE

I would like for you to give the committee a statement as to the reciprocity of Great Britain on lend-lease.

Mr. Stettinius. In June of 1942 we made an arrangement with the British whereby they would supply to us everything they could possibly supply as reverse lend-lease. During the period from June 1, 1942, to March 31, 1943, they supplied over 1,360,000 ship-tons of articles and materials.

AUSTRALIA AND NEW ZEALAND EXCLUDED FROM GREAT BRITAIN

Senator Bridges. When you refer to the British you mean Australia and New Zealand?

Mr. Stettinius. No; the 1,360,000 tons refers just to the United Kingdom. The transfer of these supplies was evidenced merely by pieces of paper passing between two offices.

Senator Holman. Would it not be enlightening if you superimpose on this map the reciprocal lend-lease flow?

Mr. Stettinius. That would be an excellent idea.

FOOD FURNISHED OUR ARMED FORCES BY AUSTRALIA

From Australia in 1942 we received 15,000,000 pounds of beef and lamb, 3,000,000 pounds of lamb and mutton, 8,000,000 pounds of pork, and 20,000,000 pounds of potatoes.

Senator Tydings. Do you mean the United States received that, or our forces in Australia?

Mr. STETTINIUS. Our forces in Australia.

Senator TYDINGS. Our forces in the United States?

Mr. STETTINIUS. No; in Australia and the islands of the South Pacific. Ships calling at Australian ports have also received some of the supplies.

WAR DEPARTMENT FUNDS SPENT IN AUSTRALIA

Senator TYDINGS. I see from the War Department we spent $88,000,000. We spent more than that in Australia building airfields and housing, 85 percent of which was built by Australian labor.

Mr. STETTINIUS. That is right.

Senator TYDINGS. And by the 30th of June this year there will be $88,000,000 still due us under lend-lease. To what extent are these Australian purchases and sales interlocked between you and the War Department?

RECORD KEPT OF ALL REVERSE LEND-LEASE RENDERED

Mr. STETTINIUS. Senator, the War Department reports to us monthly all aid received by other members of the United Nations family. The Navy does likewise, and so does the Maritime Commission. We keep a master set of books containing all reverse lend-lease rendered.

Senator TYDINGS. When the War Department spent the $100,000,000 out there did they give you an accounting of that? That would be forward lend-lease.

Mr. STETTINIUS. Yes; and that is covered in our 90-day report to Congress.

Senator TYDINGS. This was not lend-lease. This was spent by the Army, $100,000,000 in building airfields and more permanent housing facilities which cost $100,000,000, and in answer to my inquiry they have said this was quite apart from the lend-lease program.

Mr. STETTINIUS. That is right.

Senator TYDINGS. But lend-lease would cut it down to around $80,000,000 by June.

Mr. STETTINIUS. Yes.

Senator TYDINGS. So it does appear there are expenditures made in foreign countries of which lend-lease has no accounting.

RECORD SHOULD BE KEPT OF EXPENDITURES MADE BY WAR AND NAVY DEPARTMENTS AS WELL AS LEND-LEASE

Mr. STETTINIUS. Lend-lease has an accounting of all funds spent from lend-lease appropriations, but we do not receive an accounting from the War Department with respect to funds spent from the Army's appropriations for the Army's own use.

Senator TYDINGS. It seems to me if the War Department is crediting against these expenditures lend-lease in reverse that they should likewise furnish you with lend-lease in forward fashion.

Mr. STETTINIUS. I think you are making a very important point, Senator.

Senator MCKELLAR. Make a memorandum of that.

Senator TYDINGS. Would you mind taking that up with the War Department and Navy Department?

Mr. STETTINIUS. Yes, sir; I shall do that.

Senator TYDINGS. They furnished me with an account of all these expenditures. It is secret, but would you mind taking it up and either, directly or supplementary, add it to your lend-lease appropriations so in some place in the Government we might have when the war is over a complete picture. Otherwise there is nearly $2,000,000,000 of Army and Navy appropriations in foreign countries, including the Coordinator of Inter-American Affairs, none of which are in the lend-lease picture, and I think it might well be, it might be extra curricular, but I think there is some place we should have a complete picture.

Mr. STETTINIUS. A master set of books?

Senator TYDINGS. Yes.

Mr. STETTINIUS. I agree with you, and we shall take it up with the War Department.

QUESTION WHETHER LABOR FURNISHED BY AUSTRALIA TO BUILD AIRPORT SHOULD BE PAID BY AUSTRALIA

Senator TYDINGS. The thing about the airports they built in Australia was not because they were not needed, but about 85 percent of the labor that went into building those fields was Australian labor. It occurred to me Australia might have furnished that labor without our paying for it, inasmuch as we were building permanent air fields on the Australian Continent.

Senator MCKELLAR. All right, Mr. Stettinius, you may return to your subject.

DETAILED EXPLANATION OF ALL ITEMS IN PROGRAM

Mr. STETTINIUS. I realize you gentlemen are under great pressure but I would like you to glance at this large statement marked "secret" which contains detailed information respecting all of the items in the lend-lease program for the period ending June 30, 1944.

Senator HOLMAN. How about page 27?

Mr. STETTINIUS. Any page. You might wish to turn to meat and fish since they are being rationed.

Senator MCKELLAR. No. 10.

Mr. STETTINIUS. Page 10. We show for every item in the budget, first, the description of the product, for example, pork, mutton, or lamb. We then show the country to which the item is to be sent, such as Russia, the United Kingdom, China, and so forth. In the extreme right-hand column we show the total number of tons and dollars for each item.

In the lower right-hand corner you will see a table showing the relation of the lend-lease program for the item to the estimated 1943 production and also the relation of the amount shipped in 1942 to 1942 production. Thus if we are asked how much steel or aluminum or copper, or eggs we sent under lend-lease last year and how much we are planning to send this year, we can tell you both in dollars and tons. And we can also tell you about the impact of those shipments on the United States supply.

Senator BRIDGES. You say you have that here?

Mr. STETTINIUS. In the extreme right-hand corner of page 10 you will find what we call an impact statement in long tons, which shows

the total of all shipments for last year. In 1942 for example, the total dressed weight of all meats shipped amounted to 506,000 tons as compared with our domestic production of 10,000,000 tons or 5 percent, and this year——

Senator McKellar (interposing). Where is that?

Senator Tydings. Next to the last line of figures.

Mr. Stettinius. We sent under lend-lease 5 percent of all meat produced in the United States last year and we are planning to send about 10 percent this year.

Each item in the lend-lease program is explained in exactly the same fashion, whether it be agricultural machinery or tires or eggs or meat or copper or aluminum. We show not only the past history but the future program.

Senator Bridges. To make this clear in this reference to page 10 in the lower right-hand corner, the first column we will say represents what?

Mr. Stettinius. Two different years. We show 1942 compared with 1943. For example, 5 percent was sent last year.

Senator Bankhead. Double the amount.

Mr. Stettinius. Yes, for 1943.

Senator McKellar. How do you ascertain the fact from which to base your conclusion that we ought to give double the amount over last year?

Mr. Stettinius. I would like to explain for a moment our procedure.

The foreign governments which are eligible for lend-lease aid have presented an estimate of their requirements to the Lend-Lease Administration. This estimate does not include finished ammunition, tanks, and planes which are financed from War Department appropriations and assigned by the Munitions Assignment Board.

Those requirements estimates are carefully analyzed and revised by the staff of the Lend-Lease Administration. For example, in preparing the lend-lease requirements program upon which our appropriation request is based we reduce the requirements presented to us by the foreign governments 19 percent in value and 30 percent in dry cargo tonnage over what the foreign countries asked for.

EXPLANATION OF HOW A COUNTRY'S NEED IS DETERMINED

Senator Bridges. Right there let me ask you a question to clarify it. When, we will say, a country comes to you and presents their requirement for pork products, or for beef products, let us take Great Britain, for example, do they present to you their need, or do you go into the facts whether or not they could get it from Argentina or some other country?

Mr. Stettinius. We do not ordinarily extend lend-lease aid to any country if that country can get the article or commodity just as well from another source.

Senator Bridges. How do you know?

Mr. Stettinius. Our agricultural experts make a careful investigation, in consultation with the Combined Food Board, with Chester Davis, and Claude Wickard and Mr. Brand. Complete data is dedeveloped as to other sources of supply and what the foreign country's inventories of the particular commodity are. Before food is sent out of the country an allocation must be made by the War Food Adminis-

trator for lend-lease purposes. Such an allocation is made in consideration of the United States supply in relation to the competing needs of the Army, the Navy, and the domestic economy. All requests for lend-lease food are thus doubly screened. They are screened by the Lend-Lease Administration and then most carefully screened with the Food Administrator.

RATIONING IN OTHER COUNTRIES VALUABLE IN DECIDING ALLOTMENTS

Senator BRIDGES. I do not want to take too long, but I would like to know how you are satisfied as to the demands of these countries as to whether they can get meat from countries like Argentina, which has always had a great deal.

Mr. STETTINIUS. We know what the rationing systems of the various countries are. We know what beef is available from Canada, New Zealand, and Argentina.

PERCENTAGE OF EXPORT TO BRITAIN DIVIDED INTO WAR AND DOMESTIC MATERIALS

Senator TYDINGS. What percentage of your export to Great Britain consists of war materials and domestic materials such as food and clothing?

Mr. STETTINIUS. Senator Tydings, of the goods which we have sent to the United Kingdom under lend-lease about 40 percent represents such items as ordnance, ammunition, tanks, aircraft, industrial materials, and the like and 60 percent represents food.

PERCENTAGE OF FOOD SOLD THROUGH RETAIL OUTLETS

Senator TYDINGS. What percentage of the food going abroad is sold by Great Britain through the retail outlets?

Mr. STETTINIUS. That is extremely difficult to estimate because lend-lease food is merged with other British food supplies. A considerable amount of the food necessarily goes to the civilian population.

Senator TYDINGS. The other part goes to the armed forces?

Mr. STETTINIUS. That is correct.

Senator TYDINGS. Without any sale at all?

Mr. STETTINIUS. That is correct.

TWO BENEFITS DERIVED BY BRITISH FROM LEND-LEASE

Senator TYDINGS. Have you any idea how much money the British have realized from the sale of food through retail outlets?

Mr. STETTINIUS. We are making a study of that at the present time. When the British receive lend-lease food it is merged with their own food supplies and finds its way to some extent into the regular commercial channels, under the supervision of the Ministry of Food. The proceeds received by the Ministry of Food are returned to the Exchequer of Government to meet the cost of war.

Senator TYDINGS. They get two benefits which I am glad they have.

Mr. STETTINIUS. That is right.

Senator TYDINGS. They first get the material and financial help.

Mr. STETTINIUS. That is right.

FUNDS SPENT BY ARMY IN CERTAIN FOREIGN COUNTRIES

Senator TYDINGS. If I may divert for a moment. I have here a secret document, and just to illustrate the point, I will not name the countries but I would like to name them as countries A, B, C, D, and so forth. These are all South American countries I am going to call now.

Country A, $24,000,000, airports and air bases and facilities built with American funds and equipment, American administrative employees, native nationals comprising approximately 85 percent of the employees. In other words, we build permanent air fields in country A to the extent of $24,000,000, and they furnish 85 percent of the labor and we pay the whole bill, although this country is at war.

Country B, $1,900,000, 85 percent local labor.

Country C, $840,000, the same situation.

Country D, $380,000, the same situation.

Country E, $220,000, the same situation.

Country F, $5,300,000, the same situation.

Country G, $17,100,000.

Country H, $830,000.

Country I, $4,200,000 in Central America. Ninety-five percent of the employees were nationals of the country in which these installations were built.

Country J, $780,000.

Country K, $2,110,000.

Country L, $8,300,000.

Country M, Central America, $16,000,000.

Country N, $330,000.

Pan-American Highway, $21,200,000 with native labor, perhaps 90 percent of the labor force and we paid the whole bill.

Country O, $16,000,000 with 99 percent local labor.

Senator BANKHEAD. Those expenditures are made by the War Department.

Senator TYDINGS. It amounted to $1,500,000,000.

Senator MCKELLAR. All from the War and Navy Departments.

Senator TYDINGS. Yes; I will break it down in a moment.

Country P, $24,500,000, again in the West Indies, $1,900,000; another country, $360,000; another country, $11,300,000. This is a group of islands in the West Indies.

Another country, $36,000,000; $300,000, another island; another, $15,700,000; another, $4,900,000; another, $2,500,000; another, $3,500,000; another, $19,700,000; another, $95,000,000.

Senator BANKHEAD. What was that for?

Senator TYDINGS. Airfields, cantonments, terminal facilities, harbor defense, roads, and necessary structures, both cantonments in varying operations of construction built with Army funds and material from the United States, Navy labor employed with some skill.

This is part of Great Britain. Most of the recent ones are all countries in the British Empire located in this hemisphere.

Here is another one, a country contiguous to the United States $168,000,000, local labor and we paid the whole bill.

Here is another country nearly contiguous to the United States, $26,000,000, and 80 percent native labor, and we pay the whole bill.

Here is another one, $51,000,000.

Here is another, $23,000,000.

Now here is a great group of territories which is not dividable on which the last figure is not available.

Here is one far off, where your line goes over tops and comes up $80,000,000, local labor employed, and we paid the whole bill.

Here is another in that territory, $25,000,000, and the same situation.

ARMY EXPENDITURES NOT RELATED TO LEND-LEASE

Senator NYE. Are these in anywise related to lend-lease?

Senator TYDINGS. Not at all. Here is another for $3,300,000.

Here is Australia again to which I just referred, 21,750,000 pounds, airports, housing and storage facilities. Housing facilities are principally semipermanent, huts and tents.

In general equipment and materials are available locally.

As reverse lend-lease is being applied the countries reported above reduced the portion of the total cost I estimated to be borne by the United States as of June 30, 1943, but the final division of cost between Australia and the United States is subject to later adjustment.

In other words, in this particular instance the Army spent this money out there and by the 30th of June the Government of Australia will owe us in lend-lease in reverse $80,000,000 to $90,000,000.

That does not show up on the lend-lease basis because the reverse will show up, but what we have expended will now show up and a good part of those expenditures is for permanent installation and buildings not in the war zone, but some distance away from the war zone, per se.

Now, all of these together, the Army and Navy, amount to very close to a billion and a half dollars.

Of this amount, $800,000,000 has been spent in the British Empire. Some of it is primarily for our own benefit where we have bases under an arrangement we have made with Great Britain, but the majority of it was made on British territory and as far as I know there is no accounting of it in lend-lease. In other words, the Army conceivably had to do a job quickly and they went ahead and did it, but it is a little bit difficult for me to understand why when local labor is employed that at least that part of the expenditure could not have been borne by the country which is benefiting by it and that particularly applies to Australia.

FUNDS SPENT BY NAVY IN CERTAIN FOREIGN COUNTRIES

Now the Navy has not spent much money in this fashion, and I would like to say I have a list of the Navy expenses:

Country A, $395,000; country B, $3,870,000; part of the British Empire, $48,490,000; West Indies, $25,000,000; another country, $850,000; another country, $2,824,000; part of the French Empire, $37,000,000; Great Britain, $170,893,000; Central America, $560,000; Central America, $143,000; an island to the north, $10,500,000; the Netherlands, $1,200,000; New Zealand, $4,100,000; Central America, $1,450,000; and so on with many small ones and then finally Great Britain and France, $23,563,000.

COMBINED RECORD OF ARMY AND NAVY, AND LEND-LEASE EXPENDITURES SHOULD BE KEPT

In explaining these expenditures the record ought to show a great many were in places where it was not possible even for business negotiations, if they had taken place, to have greatly altered the situation. They were islands where there would be no permanent benefit, more of a fighting base, but that is not true in regard to the majority of the Army expenditures.

I think it is very important that the lend-lease administrator have this whole picture and that be coordinated in the master bookkeeping statement and likewise hereafter when a country is at war with the Axis and furnishes labor for the mutual defense of the allied countries, it seems to me that labor ought to be pretty well financed by the country.

Senator McKellar. As far as I understand, Mr. Stettinius has stated he will undertake that.

Mr. Stettinius. Oh, yes.

BRITAIN IS SUPPOSED TO SUPPLY LABOR AND MATERIALS WHEN AVAILABLE

Mr. Cox. I would like to add two comments. Insofar as the British Empire is concerned, by agreement entered into last September, they are supposed to supply all available labor and material in the area in which the construction is taking place.

Senator Tydings. That is fine. Who pays for it?

Mr. Cox. The British.

Senator Tydings. That is fine. You see if that had been done my criticism would not have been well taken.

Mr. Cox. Where the British in such cases have not paid for the labor and material this will be taken into consideration in the settlement of lend-lease accounts. If the Army has constructed a base where they had to make expenditures for labor and materials, we ought to have a record.

Senator Tydings. Here is a situation that is not clear to me. Take a large South American country which is at war with the Axis.

Mr. Cox. The South American situation is quite different.

Senator Tydings. How are you going to work that out? We have paid the whole bill.

AGREEMENTS WITH GREAT BRITAIN DIFFER FROM THOSE WITH SOUTH AMERICAN COUNTRIES

Mr. Cox. The British Empire is covered by our agreement, as I have mentioned. The South American agreements are quite different. In those cases there is an agreement to supply a limited amount of assistance to South American countries. In return for that they agree to pay us cash in varying amounts and we do have cash receipts.

Senator Tydings. Just in line with that picture we have bought from Central America and South America under the R. F. C. $455,000,000 worth of critical and essential materials which were paid for at wartime prices from the very countries in which we have built these millions of dollars worth of installations. There is some place in that picture where there has been a lack of coordination, in my humble

judgment, between the purchases which we are making and what the Army expenditures are in those countries, their own mutual protection.

There ought to be some place in the future a recapitulation so that they would give us something to take care of what we have given to them without any question up to the present time.

Mr. STETTINIUS. There is no question about it.

Senator TYDINGS. Will it be possible for you to get in touch with Mr. Jones and Mr. Rockefeller, as well as the Army and Navy?

PROPOSAL THAT PRESIDENT APPOINT BOARD TO CONSIDER ALL FOREIGN EXPENDITURES

I think it would be wise if the President would consider putting together all of these various agencies in a meeting once a month in some board for the purpose of assembling facts to complete the picture so that you would be in position when they come to you with requests to say, "You have not taken into consideration such and such a thing which has come to my attention." Otherwise you will assume it is really necessary.

QUESTION ON OIL SUPPLY GOING TO CHINA

Senator OVERTON. I would like to ask Mr. Stettinius to supply the petroleum products moving to China.

Mr. STETTINIUS. All the petroleum moving to China now is moved by air from India and the number of planes that can carry the petroleum are very limited.

EXCERPT FROM LETTER FROM WAR DEPARTMENT

Senator TYDINGS. To make the record complete I got a supplemental letter from the War Department. I am only going to read a paragraph to show what I mean:

> The United Kingdom has also furnished the United States forces in Northern Ireland facilities accessible to it which is estimated to have a value of $15,000,000 and includes among other things erected camps and other facilities with an estimated value of $5,000,000 which were constructed by and taken over from the British forces.

On that island we have spent $23,000,000. If we are going to pay Great Britain——

Mr. STETTINIUS. That $5,000,000, we did not pay for that.

Senator TYDINGS. It is a charge against you. The point I make is we are not getting anything from the places on the British territory. If this rule is to be followed it ought to be followed by both sides. In other words, the British land on this island and spend $5,000,000 to place some permanent installations. When they come away that island would credit them for $5,000,000 on the lend-lease they had spent. If that rule is to apply there, then all of our $800,000,000 installations which we have built on British territories, when we turn that over to Britain as we will, at the conclusion of the war, by the same token we ought to get credit for that. They ought not to have a rule they can get this done in a way only favorable to Britain, and that is my idea.

Senator MCKELLAR. Anything further, Mr. Stettinius. I want to go to the bill itself in a few moments.

Mr. STETTINIUS. We have quantities of material justifying in detail this appropriation. We are prepared to answer any questions, that may be asked by any member of the committee. I do not believe it is necessary for me to take your time to present any further information.

Senator MCKELLAR. Are you satisfied with the bill as it is as it was passed by the House?

AMOUNT OF HOUSE REDUCTION

Mr. STETTINIUS. The House committee cut $150,000,000 out of category 7.

Senator MCKELLAR. Where is that?

Mr. STETTINIUS. Page 2, line 13. The committee did not give us any reason for the cut. As I say, this program was prepared with great care and we were hopeful our original request would be approved.

HOUSE PROVISO PROHIBITING USE OF FUNDS FOR SUBSIDY PAYMENTS

In addition there was an amendment offered during the last few minutes of the debate on the House floor which provided that none of these funds could be used for subsidy payments on agricultural products. I do not believe this problem was fully understood, since the question did not arise during the House hearings and I had no opportunity to explain the matter.

Senator MCKELLAR. I would like for you to explain that fully.

Mr. STETTINIUS. Mr. Cox, our general counsel, has been working on this problem, and I would like him to make a brief statement.

Senator MCKELLAR. All right.

TEXT OF HOUSE PROVISO

Mr. COX. The amendment which was adopted in the House reads atfollows on line 16 of page 4 of the subcommittee print [reading]:

Provided further, That none of the funds appropriated in this Act shall be used for the payment of any subsidy on agricultural products.

QUESTION AS TO REASONS FOR ADOPTION OF AMENDMENT

I think in the discussion of the floor of the House, as indicated in the remarks of Representative Wadsworth, there was not a very clear understanding of what the circumstances were that led to this amendment.

Senator MCKELLAR. Let me interrupt you there to say that one of the articles I saw in the paper indicated this, that without that amendment, that any part of this appropriation could be used for paying subsidies generally on many products if they saw fit and probably was being paid. Would you explain that situation?

SITUATION WITH RESPECT TO PROCUREMENT OF CHEESE

Mr. COX. Yes, in the first place, the causes which, under misapprehension, gave occasion for this amendment were these: What Lend-Lease had under discussion was not a subsidy by Lend-Lease. The best case to illustrate that is this: About 30 to 40 percent of the American cheese supply is procured by the Army, Navy, Marine

Corps, Veterans' Administration, and Lend-Lease. If nothing were done in the situation the price of cheese which would have to be paid by the Army and Navy and Lend-Lease would be 27 cents a pound.

Senator BANKHEAD. You mean that is the ceiling price?

Mr. COX. No; the ceiling price is 23¼, but irrespective of the ceiling, it is necessary to pay 27 cents if we are to get the cheese.

Senator BANKHEAD. Why that specific amount?

Mr. COX. That is what is necessary if we are to get the cheese.

Senator BANKHEAD. It must be at least that much.

Mr. COX. It must be at least that much.

Senator BANKHEAD. Is there a ceiling on it?

Mr. COX. There is a ceiling on it now. There has been a price ceiling at 23¼ cents since October 3, 1942.

Senator BANKHEAD. What is the ceiling now?

Mr. COX. Twenty-three and one-quarter cents, I think. Under the present plan the whole supply would be bought by the Government at 27 cents. The Army, Navy, Marine Corps, Veterans' Administration, and Lend-Lease would in effect pay 27 cents for the cheese which they take for their purposes. Then Commodity Credit would make the rest of its supply available to civilians at 23¼ cents, absorbing the 3¾ cents difference as a subsidy. In that case the subsidy is paid by Commodity Credit. It seems to us this controversial item of subsidies ought to be met head-on in the legislation now pending before the Banking and Currency Committee, and not indirectly.

Senator MCKELLAR. Are you paying any different subsidy from what the Government is paying on cheese sold to civilians?

Mr. COX. No; we would not be paying a subsidy. If the Commodity Credit legislation is not passed we still would have to pay 27 cents for cheese if we are to get the cheese.

Senator MCKELLAR. Yes.

Mr. COX. If the Commodity Credit appropriation is passed we will pay 27 cents for cheese for lend-lease. Commodity Credit will finance the subsidy necessary in order to make the cheese available to domestic consumers at 23¼ cents.

Senator TYDINGS. Why pick out this one commodity?

Mr. COX. If cheese is to be provided to consumers at prices they can afford, a subsidy is necessary. In principle the proposal is that the R. F. C. adopt the same procedure with respect to other commodities as I mentioned in the cheese case to carry out the program of keeping down the cost of living.

Senator MCKELLAR. How about the Army and Navy?

Mr. COX. They will pay the same price as Lend-Lease. In order to be logically consistent that must be done.

Senator TYDINGS. You advocate it all in one bill instead of doing it piecemeal.

Senator MCKELLAR. A good deal of sentiment is against subsidies, but why cannot the whole matter be taken up in one bill?

FIXING OF POLICY ON SUBSIDIES

Mr. COX. That is what we think should be done, Senator.

Senator TYDINGS. Who decides on the policy of subsidies? What individual says whether or not there will be subsidies?

Mr. STETTINIUS. Mr. Justice Byrnes.

Senator TYDINGS. He makes the rule whether there will be a subsidy or there will not be?

Mr. COX. Yes.

Senator BANKHEAD. You do not contemplate paying any subsidy at all?

PAYMENT OF SUBSIDIES UNDER LEND-LEASE NOT CONTEMPLATED

Mr. COX. The arrangement we have discussed does not contemplate the payment of any subsidy by Lend-Lease. There have, however, been cases where in order to secure lend-lease supplies from a marginal producer, Lend-Lease has paid 16 cents for copper, for example, although most producers can produce at 14 cents. That may be a subsidy of production.

Senator MCKELLAR. I doubt if this committee ought to go into the discussion of subsidies.

BILL BEING CONSIDERED FOR EXTENSION OF COMMODITY CREDIT CORPORATION

Senator BANKHEAD. For your information, Mr. Chairman, you probably know and probably the other members know also, there is a bill pending now before the Banking and Currency Committee in both the Senate and House to extend the life of Commodity Credit. Hearings are in progress now and have been during the last week. I had a meeting with the Banking and Currency Committee this morning; I am acting chairman. I passed it until Thursday. That subject is going to be dealt with in some way or other.

PROCUREMENT OF CHEESE

Senator BROOKS. I am still at a loss to know if the actual cost of production of cheese is 27 cents, how we buy it for lend-lease at 24 cents.

Mr. COX. We see no reason why Commodity Credit should subsidize Lend-Lease. The cost to Commodity Credit is 27 cents. The plan is that we pay 27 cents, or the actual cost of producing cheese. The only subsidy involved is that Commodity Credit pays an extra 3¾ cents so private consumers can buy it under the cost of production.

Senator BROOKS. But you pay 27 cents for lend-lease cheese.

Mr. COX. It is planned that we should.

Senator BROOKS. There is no subsidy there.

Mr. COX. No.

Senator HAYDEN. There is a subsidy in copper.

Mr. COX. Yes, sir.

Senator HAYDEN. Suppose the Russians want a certain kind of bean.

Mr. COX. Yes.

Senator HAYDEN. You would have to subsidize the production of beans.

Mr. COX. I think you could argue it was a subsidy.

Senator HAYDEN. If you pay a premium that is a subsidy.

Mr. COX. That would be a subsidy in most cases.

Senator HAYDEN. The only safe rule we could adopt is to strike this proposition out of saying no subsidy for American consumers, but on the other hand you want to subsidize production.

Senator BANKHEAD. I do not want this statement to go out——

Senator MCKELLAR (interposing). Well, gentlemen, that is a matter that you can thresh out in a legislative committee, but the situation that confronts us right now is the Senate is in session, and I have a bill before the Senate that is coming up in a few moments, and we will have to adjourn unless you are all through.

Senator TYDINGS. I have a great many questions. You go ahead.

Senator MCKELLAR. Senator Hayden, I will have to get you to take the chair.

Senator TYDINGS. Mr. Stettinius.

Mr. STETTINIUS. May I ask approximately what would be the schedule of this legislation, because we are completing arrangements with the Russians very soon and it would be very helpful to have this legislation go through before making a formal offer to the Russians.

Senator MCKELLAR. It depends on how much longer we go on in the subcommittee, but we will put it through as quickly as possible.

COUNTRIES CONTEMPLATED FOR FUTURE LEND-LEASE AID

Senator TYDINGS. Taking your prepared statement which you gave to the committee here I notice that your list envisions aid for the future to Russia, the United Kingdom, Australia, other British, China, and so forth and then you have other countries.

Mr. STETTINIUS. Yes.

Senator TYDINGS. What other countries do you anticipate will be within the provision or within the purview of that administration?

Mr. STETTINIUS. There are 44 countries.

Senator TYDINGS. That is South America, is it?

Mr. STETTINIUS. This table in the last lend-lease report, Senator, shows at a glance the countries that are eligible for lend-lease aid. The Fighting French——

Senator TYDINGS. I notice a great many are South American countries.

Mr. STETTINIUS. But South America is only getting finished munitions. There is no program in our budget for such items as consumer's goods.

Senator TYDINGS. In other words what you are sending out now to what we might call the nonwar zone, that is the zones where the principal fighting is not taking place consists only of what might be characterized as defense equipment, that is ammunition, just in case.

Mr. STETTINIUS. That is correct.

Senator TYDINGS. I would imagine with a turn of the tide in Europe that picture would be one of reduction rather than increase barring some new happening.

Mr. STETTINIUS. I would expect that would be true, sir, although armed forces from some of the South American countries may take part in fighting abroad in the future.

HANDLING OF FUNDS FOR SHIPPING AND OTHER SERVICES

Senator TYDINGS. I note here you have the item of $2,345,000,000 for shipping and other services. How do you expend that money for shipping and other services?

Mr. STETTINIUS. That is handled by Admiral Land and the War Shipping Administration.

Senator TYDINGS. Do you pay the Maritime Commission the freight for hauling these goods?

Mr. STETTINIUS. We do.

Senator TYDINGS. So that really comes back to the Treasury, whatever the expense was.

Mr. STETTINIUS. Yes; the money stays in this country.

Senator TYDINGS. But whatever the expense of getting it over there is simply an intergovernmental operation.

Mr. STETTINIUS. That is right.

Senator TYDINGS. How many foreign ships do you use in this operation as a rule?

Mr. STETTINIUS. It is very minor.

Senator TYDINGS. Most of the ships are our own ships?

Mr. STETTINIUS. And British.

Senator TYDINGS. You pay the British when we turn that freight over in British ships?

Mr. STETTINIUS. No.

Senator TYDINGS. They furnish that free?

Mr. STETTINIUS. They furnish it free.

Senator TYDINGS. I think that is important to be brought out.

Mr. STETTINIUS. That is right.

Senator TYDINGS. In other words, when they have ships available they send them here and load up with lend-lease material and take them back without any transportation cost.

Mr. STETTINIUS. Correct.

Mr. COX. There is some variation.

Senator TYDINGS. There are other incidental small angles, but what do you mean by other services?

Mr. COX. Training pilots in Canada, Norwegian pilots in Canada.

Senator TYDINGS. What else besides that?

Mr. COX. Repairing of ships.

Senator TYDINGS. How about stevedore charges?

Mr. COX. Stevedore charges loading Russian ships.

Senator TYDINGS. How about unloading in foreign countries?

Mr. COX. The foreign country pays that.

Senator TYDINGS. There is no charge on America for unloading any of these ships in the recipient countries.

Mr. COX. That is right.

Senator TYDINGS. The recipient country furnishes the labor incident to that operation.

Mr. COX. That is right.

Senator TYDINGS. So your expense practically stops when you put your cargo aboard either our own or a foreign ship.

Mr. COX. That is right.

Senator TYDINGS. And in case of our own ships you pay the Shipping Board for the freight.

Mr. COX. Yes, sir.

Senator TYDINGS. So we can assume if it cost the Shipping Board $1,500,000 to operate ships under the lend-lease program that that part of their revenues comes out of the lend-lease appropriations.

Mr. COX. That is right.

Senator TYDINGS. And not out of the Shipping Board appropriation?

Mr. COX. That is right.

Senator TYDINGS. So what they receive from us in the way of operating revenues is reduced by the payment you make to them.

Mr. COX. That is correct.

SHIPMENTS OF IRON AND STEEL

Senator TYDINGS. Now when you say you are going to spend so much for iron and steel, what do you mean by that?

Mr. STETTINIUS. We would be sending to Russia or England raw steel to be fabricated into finished ammunition in their arsenals.

Senator TYDINGS. That is principally raw materials.

Mr. STETTINIUS. It may be finished rail.

NO FUNDS FOR AMMUNITION INCLUDED

Senator TYDINGS. Where does your ammunition come in under this program?

Mr. STETTINIUS. There is none. Until Pearl Harbor Congress appropriated to the President funds for all lend-lease purposes including finished munitions. After Pearl Harbor you adopted a policy of appropriating a lump sum to the Army and Navy. Up to a specified amount of finished munitions out of these appropriations may be transferred with the approval of the President to lend-lease countries.

Senator TYDINGS. They were the lend-lease funds we put in the Army and Navy.

Mr. STETTINIUS. That is right.

DETAIL RECORDS OF TRANSACTIONS BEING KEPT

Senator TYDINGS. To what extent are you keeping the over-all cost of ammunition and weapons and planes and all categories of fighting equipment which is sent abroad by the Army and Navy?

Mr. STETTINIUS. We are keeping a detailed record monthly. We report to you at least every 90 days the total aid rendered by the Army and Navy, and Lend-Lease.

Senator TYDINGS. That is the complete picture?

Mr. STETTINIUS. That is the complete picture.

STATUS OF LEND-LEASE FUNDS

Senator TYDINGS. This statement of yours shows that up to the present you have spent roughly, with some commitments around $16,500,000,000 for your parts of lend-lease.

Mr. STETTINIUS. That is right.

Senator TYDINGS. To what extent has the Army and Navy increased that expenditure by the sending of ammunition apart from your operation?

Mr. STETTINIUS. If you will glance at that chart.

Senator TYDINGS. Give me that for the record.

Mr. STETTINIUS. You will get from this chart the total aid rendered up to April 30, showing 11 billion by all branches of the United States Government. From the 1 billion——

Senator TYDINGS (interposing). That only shows $9,800,000,000 and this statement shows $16,035,000,000 you have spent. How do you account for that difference? Show it for the record so there will not be any confusion.

Mr. STETTINIUS. Of the $18,410,000,000 previously appropriated $14,500,000,000 has been obligated, $1,800,000,000 has not been technically obligated but is committed, and $2,100,000,000 remains as free funds, accounting for the $18,410,000,000.

Senator TYDINGS. How much of this that is obligated have you used?

Mr. STETTINIUS. Of the $14,500,000,000 obligated, $7,900,000,000 covers goods already transferred. $1,900,000,000 is other aid, (services and facilities) and $3,700,000,000 is work in progress; in addition we have a two months' inventory of about $1,000,000,000.

Senator TYDINGS. If I get the picture right, 9.8 billions have already been transferred under your program.

Mr. STETTINIUS. That is right.

Senator TYDINGS. So if we subtract 9.8 billion from 18.4, you have got roughly about 9 billion, part of which is allocated but none of which has actually been expended or transferred to the present.

Mr. COX. With one exception, up to April.

Senator TYDINGS. I mean up to this date.

Mr. STETTINIUS. Some of it has been spent, Senator, but it has not been transferred.

Senator TYDINGS. That is all that is actually gone, roughly about 9 billion and a half; 7.9 billion covers goods already transferred.

Mr. STETTINIUS. Senator, $11,000,000,000 of lend-lease aid has been rendered up to April 30.

Senator TYDINGS. So of the 18 billion, 4 have actually transferred or used up 11.

Mr. STETTINIUS. We have transferred 9.8 billion out of appropriations to the President.

Senator TYDINGS. And that makes 7.4 billion of funds at your disposal, but which have not yet been transferred.

Mr. STETTINIUS. That is not quite correct.

Senator BROOKS. I think you are still confused, Senator. You have only transferred 9.8 billion.

Mr. STETTINIUS. Only 9.8 is from the 18.4.

Senator BROOKS. Let us see, roughly up to April 30, you have expended of the funds at your disposal 9.1 billion.

Mr. STETTINIUS. 9.8 billion.

Senator BROOKS. Completed transactions.

Mr. STETTINIUS. Right.

Senator BROOKS. You had 18.4 billion to start with.

Mr. STETTINIUS. Right.

Senator BROOKS. So if we subtract 9.8 from 18.4 billion it means that you have nearly $9,000,000,000 either expended or in the process of being spent which during the future will be transferred.

Mr. STETTINIUS. Right; 8.6 is the exact figure.

Senator BROOKS. You are asking in this bill 6.4 billion new funds.

Mr. STETTINIUS. Right.

Senator BROOKS. So, if we pass it you will have 14.8.

Mr. STETTINIUS. Right.

INCREASED EXPENDITURES UNDER LEND-LEASE

Senator Brooks. How does that 14.8 for 14 months compare with the expenditures for the last 14 months? Is it greater?

Mr. Stettinius. It is greater.

Senator Brooks. Why? more shipped?

Mr. Stettinius. More shipped.

Senator Brooks. Freight rates?

Mr. Stettinius. The needs of some of the countries, particularly the Soviet Union, have been greater.

Senator Brooks. None of this includes the Army and Navy lend-lease.

Mr. Stettinius. That is right.

PURPOSES FOR WHICH ADDITIONAL FUNDS ARE REQUESTED

Senator Brooks. So that you want this money for raw materials, for food.

Mr. Stettinius. And for industrial equipment.

Senator Brooks. Industrial equipment apart from war equipment.

Mr. Stettinius. Right.

Senator Brooks. And for general commodities that are not Army.

Mr. Stettinius. Right.

Senator Brooks. Plus the cost of your shipping and other services.

Mr. Stettinius. That is correct.

ARMY AND NAVY LEND-LEASE FUNDS

Senator Brooks. And all the war equipment like planes, tanks, guns, shells, ships, and so forth, will come under the Army and Navy and is apart from your administration.

Mr. Stettinius. That is correct, but they in turn report to us.

Senator Tydings. They will all report to you and if you get these other figures which I have outlined this morning your master books will at the end of the way show correctly the picture of the whole transaction between ourselves and our allies both as to lend-lease forward and lend-lease in reverse, and incidental Army and Navy service, not only for goods, but for installations and the like. Am I correct?

Mr. Stettinius. You are entirely correct.

Senator Tydings. That will be fact.

Mr. Stettinius. You are correct.

Senator Hayden. There is one question you asked that has not been answered, apparently, and that is the rate between some of the ammunition advanced as direct lend-lease as compared to the value of ammunition and other things passed on by the Army and Navy, if the chart covers that it will be about two times as much, your part, as the Army and Navy.

Mr. Stettinius. I do not believe I understand you.

Senator Tydings. Take Senator Hayden's statement, your lower chart shows $1,200,000,000 has been utilized in this operation from lend-lease funds in the possession of the Army and Navy exclusively.

Mr. Stettinius. And Maritime Commission.

Senator Tydings. And Maritime Commission. That is correct, is it not?

Mr. Stettinius. Yes.

Senator TYDINGS. Is that all the Army, Navy, and Maritime Commission lend-lease up to April 30, 1943?

Mr. COX. That is right.

Mr. STETTINIUS. A great portion of lend-lease expenditures were planes and tanks produced under pre-Pearl Harbor appropriations.

Senator TYDINGS. I mean since Pearl Harbor.

Mr. STETTINIUS. Actually planes and tanks and munitions are still being delivered to our Allies which come from the original appropriations.

AMOUNT EXPENDED BY ARMY, NAVY AND MARITIME COMMISSION FOR LEND-LEASE

Senator TYDINGS. Can anybody tell me offhand the amount before Pearl Harbor and the amount since Pearl Harbor that the Army and Navy and Maritime Commission have expended under lend-lease to our allies or other foreign nations not at war?

In other words, I want to know myself how much in addition to this $10,800,000,000, I think it was, which could have gone for all other things either by the Army or Navy or Maritime Commission, have been utilized? Have you a list up to April 30, 1943?

Mr. COX. There are two answers. First up to April 30, 1943, the total of munitions and ships made available from Army, Navy, and Maritime Commission appropriations was 1.2 billions. Before Pearl Harbor the original Lend-Lease Act provided that up to 1.3 billion of munitions which were then in the hands of the Army, Navy, and Maritime Commission could be transferred

Senator TYDINGS. How much has the Army, Navy, and Maritime Commission expended on lend-lease operations in addition to the $9,000,000,000?

Mr. STETTINIUS. 1.2 billions.

TOTAL EXPENDED UNDER LEND-LEASE BY ARMY, NAVY, MARITIME COMMISSION, AND LEND-LEASE ADMINISTRATION

Senator TYDINGS. Is it safe to say that up to now roughly about $11,000,000,000 have been expended on lend-lease by the Army, Navy, Maritime Commission, and Lend-Lease Administrator?

Mr. STETTINIUS. That is correct.

TOTAL LEND-LEASE FUNDS MADE AVAILABLE TO ARMY, NAVY, AND MARITIME COMMISSION

Senator TYDINGS. We appropriated in addition to the sums to the Army, Navy, and Maritime Commission——

Mr. COX (interposing). The amount that can be transferred under the appropriations to the Army, Navy, and Maritime Commission is set out on page 47.

Senator TYDINGS. Just give me the figure.

Mr. COX. $35,970,000,000.

Senator TYDINGS. I am not familiar with that $35,000,000. Can it be used by the Army, Navy, and Maritime Commission for other purposes.

Mr. COX. Yes.

Senator TYDINGS. In other words, we appropriated that with the right to use up to $35,000,000 for lend-lease.

Mr. COX. That is right.

Senator TYDINGS. The Army and Navy are coming up with $1,200,000,000 expended for lend-lease purposes between them.

Mr. COX. Yes, sir.

Senator TYDINGS. I want to get for the record how much of this money was tagged they have not expended.

Mr. STETTINIUS. That is right.

Mr. COX. Since Pearl Harbor the appropriations to the Army, Navy, and Maritime Commission have included the right to transfer to foreign countries up to certain limitations the equipment that is procured for our own forces. The reason for doing that was to get standardization of equipment and to permit this equipment to be integrated with the Army supply program.

Since we have been in the war most of the equipment has been used by our own forces.

Senator TYDINGS. There has got to be a tolerance.

Mr. STETTINIUS. There has got to be a tolerance.

Senator TYDINGS. I do not want it to the decimal point. I just want it approximately.

Mr. STETTINIUS. You understand that all tanks or planes procured from Army appropriations are assigned where they are needed at the particular time the assignment is made.

Senator HAYDEN. Are there any further questions?

SHIPMENT OF SHOES UNDER LEND-LEASE

Senator BRIDGES. Yes. Have you shipped under the lend-lease program any shoes to Great Britain or the United Kingdom?

Mr. STETTINIUS. My impression is that none have been shipped, but Mr. Orchard of my staff can tell you the facts.

Mr. ORCHARD. There may have been some for the armed forces but none for civilians.

Mr. STETTINIUS. We have sent a large quantity for the Soviet Army.

QUESTION AS TO USE OF LEND-LEASE FUNDS TO PAY SALARIES AND EXPENSES OF REPRESENTATIVES OF UNITED NATIONS IN UNITED STATES

Senator BRIDGES. Let me ask you this, do we through lend-lease appropriations pay for the salaries and expenses of representatives of these United Nations here in this country?

Mr. STETTINIUS. We do not pay their salaries, or rent, or expenses, but they pay our rent and other expenses in their country. In England actually the transportation, board, and keep of our foreign missions are paid by the British. We do not pay theirs. We do not pay for salaries or expenses of foreign missions.

LEND-LEASE AID IN NORTH AFRICA

Senator BRIDGES. Third, let ms ask you how much lend-lease has been paid out in North Africa during the occupation there and since?

Mr. STETTINIUS. Military or civilian?

Senator BRIDGES. Both.

Mr. STETTINIUS. We can correct it for the record, but something over $35,000,000 has been spent for supplies for general civilian activities in north Africa.

Senator BRIDGES. Let me ask you, all this lend-lease for north Africa, I have heard some pretty wild statements of what they sent.

Mr. STETTINIUS. Lend-lease has shipped clothing, food, medical supplies, coal, and other items which General Eisenhower and the North African Economic Board have advised us are necessary to sustain the population in that area.

Senator BRIDGES. Has some of these lend-lease supplies to north Africa been material and equipment for the civilian population they never had before in their lives and never were used to?

Mr. STETTINIUS. No; we are watching that very carefully.

Senator BRIDGES. There are a great many reports coming back to that effect.

Senator HAYDEN. Gentlemen, are there any other questions?

(No response.)

If not, we want to thank you for your attendance.

(Whereupon, at 12:45 p. m., Monday, May 24, 1943, the hearings on the defense aid (lend-lease) supplemental appropriation bill, 1943, were concluded, and the subcommittee adjourned.)

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Calendar No. 270

78TH CONGRESS
1ST SESSION

H. R. 2753

[Report No. 265]

IN THE SENATE OF THE UNITED STATES

MAY 24, 1943

Read twice and referred to the Committee on Appropriations

MAY 26, 1943

Reported, under authority of the order of the Senate of May 24, 1943, by Mr. MCKELLAR, with an amendment

[Omit the part struck through]

AN ACT

Making supplemental appropriations to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, to enable the President, through such departments or agencies of the Government as he may designate, further to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for each and every pur-

pose incident to or necessary therefor, the following sums for the following respective purposes:

(a) For the procurement, by manufacture or otherwise, of defense articles, information, and services, for the government of any country whose defense the President deems vital to the defense of the United States, and the disposition thereof, including all necessary expenses in connection therewith, as follows:

Vessels, ships, boats, and other watercraft, including the hire or other temporary use thereof, and equipage, supplies, materials, spare parts, and accessories, $1,552,659,000.

Agricultural, industrial, and other commodities and articles, $4,452,623,000.

(b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith, $259,348,000.

(c) For administrative expenses, $8,999,000: *Provided,* That transfers may be made from this appropriation to the consolidated appropriation for "Necessary services and expenses" to the extent necessary to reimburse such appropriation for transfers made pursuant to the Urgent Deficiency Appropriation Act, 1943.

(d) In all, $6,273,629,000, to be available until June 30, 1944.

(e) Each of the foregoing appropriations shall be additional to, and consolidated with, the appropriations for the same purposes, contained in the same respective categories of appropriation in the Defense Aid Supplemental Appropriation Act, 1941, the Defense Aid Supplemental Appropriation Act, 1942, and the Second Defense Aid Supplemental Appropriation Act, 1942, and the appropriations contained in the foregoing Acts, are hereby continued and shall be available until June 30, 1944: *Provided*, That with the exception of the appropriation for "Administrative expenses", not to exceed 20 per centum of any of such consolidated appropriations may be transferred by the President to any other of such consolidated appropriations, but no such appropriation shall be increased more than 30 per centum thereby: *Provided further*, That notwithstanding the foregoing proviso (1) balances, unobligated as of April 30, 1943, and balances subsequently released from obligation, of appropriations contained in the foregoing Acts for "Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof", may be transferred by the President to and consolidated with the appropriation provided above for "Agricultural, industrial, and other commodities and articles", and (2) balances, unobligated as of

April 30, 1943, and balances subsequently released from obligation, of appropriations contained in the foregoing Acts for "Necessary services and expenses" may be transferred by the President to and consolidated with any of the appropriations provided above, except the appropriation for "Administrative expenses."

SEC. 2. Any defense article, information, or service procured from funds appropriated by this Act or prior acts appropriating funds to the President for the purpose of carrying out the provisions of said Act of March 11, 1941, as amended, shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby~~: *Provided further,* That none of the funds appropriated in this Act shall be used for the payment of any subsidy on agricultural products~~.

SEC. 3. This Act may be cited as the "Defense Aid Supplemental Appropriation Act, 1943".

Passed the House of Representatives May 21, 1943.

Attest: SOUTH TRIMBLE,

Clerk.

Calendar No. 270

78TH CONGRESS
1ST SESSION

H. R. 2753

[Report No. 265]

AN ACT

Making supplemental appropriations to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes.

MAY 24, 1943

Read twice and referred to the Committee on Appropriations

MAY 26, 1943

Reported with an amendment

Calendar No. 270

78TH CONGRESS, 1st Session | SENATE | REPORT No. 265

DEFENSE AID (LEND-LEASE) SUPPLEMENTAL APPROPRIATION BILL, 1943

MAY 26, 1943.—Ordered to be printed

Mr. MCKELLAR, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. 2753]

The Committee on Appropriations to whom was referred the bill (H. R. 2753) making supplemental appropriations to carry out the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes, report the same to the Senate with an amendment.

Amount of bill as passed the House and reported to the Senate $6,273,629,000

The Budget estimate upon which the bill is based was transmitted by the President on April 26, 1943, and is printed as House Document No. 179 of the present session. The amount requested by the Budget estimate is $6,423,629,000 and the committee recommends a total of $6,273,629,000, a reduction of $150,000,000. This decrease is made in the category for agricultural, industrial, and other commodities and articles for which a total of $4,602,623,000 was requested and leaves the sum recommended in that category at $4,452,623,000.

Uncommitted lend-lease funds from previous appropriations to the President for this purpose totaled, on May 1 last, $2,057,496,000 and this sum combined with the $6,273,629,000 carried in the bill makes a total availability of $8,331,125,000 for the lend-lease purposes provided in the bill for the 14-month period.

In considering this appropriation bill the committee not only heard the testimony of Edward R. Stettinius, Jr., Administrator of the Office of Lend-Lease Administration, but had the benefit of the extensive

testimony developed at the hearings before the House Appropriations Committee.

The committee also had the benefit of the detailed reports to Congress which have been made at least every 90 days since the passage of the Lend-Lease Act either by the President or by the Lend-Lease Administrator, at the direction of the President.

There have been three appropriations to the President for the purposes of carrying out the provisions of the Lend-Lease Act, approved March 11, 1941.

These appropriations were as follows:

Defense Aid Supplemental Appropriation Act, 1941, approved Mar. 27, 1941	$7, 000, 000, 000
Defense Aid Supplemental Appropriation Act, 1942, approved Oct. 28, 1941	5, 985, 000, 000
Second Defense Aid Supplemental Appropriation Act, 1942, approved Mar. 5, 1942	5, 425, 000, 000
Total	18, 410, 000, 000

The first two of the appropriations to the President for lend-lease purposes provided funds for all types of lend-lease aid. Following the entry of the United States into the war, the Congress, in order to make possible the integration of the supply programs of our allies with the supply programs of our own armed forces provided that the War and Navy Departments might, with the approval of the President, transfer for lend-lease purposes up to $35,970,000,000 of the finished munitions procured from their appropriations. Since the adoption of such provisions, lend-lease appropriations to the President have not contained funds for finished munitions, and no funds are contained in the present bill for that purpose.

From the passage of the Lend-Lease Act to April 30, 1943, the total amount of articles transferred and services rendered to our allies from all appropriations amounted to approximately $11,000,000,000. Of this amount, approximately 89 percent, or $9,800,000,000 has been procured from the $18,410,000,000 of funds appropriated directly to the President. The remaining amount of 11 percent, or $1,200,000,000, represents finished munitions procured from the $35,970,000,000 available for lend-lease purposes out of funds appropriated to the War and Navy Departments.

The disposition of the $18,410,000,000 appropriated directly to the President is shown as follows:

Articles transferred and services rendered	$9, 800, 000, 000
Additional amounts expended, obligated, or committed for lend-lease articles or services	6, 552, 504, 000
Free funds	2, 057, 496, 000
Total	18, 410, 000, 000

Under the language of the appropriation acts, funds appropriated to the President will be available only until June 30, 1944. In view of the adoption on March 11, 1943, of legislation extending the operation of the Lend-Lease Act for an additional year, the committee recommends that the $2,057,496,000 of free funds remaining out of the $18,410,000,000 be reappropriated in addition to the $6,423,629,000 of new funds provided for in this bill.

In the course of the hearings, the committee was furnished with a statement showing in detail the lend-lease requirements program for

the period ending June 30, 1944. This statement contained information of importance to the enemy which cannot, of course, be included in this report. The statement covered each article and service in the program and showed the particular types of articles or services to be procured and the uses for which they are intended. It also showed the countries for which each item is destined, the number of units, the estimated dollar cost, and the amount of dry and wet tonnage required. Information was also included in the statement as to the need for the particular article in each country and the ability of that country to obtain such article from its own production or other sources. In addition, the statement showed the quantity of the article to be supplied under the Lend-Lease Act during 1943 in relation to the estimated 1943 United States production. So that this program might be compared with lend-lease operations in the past, information was also supplied showing the relationship of lend-lease shipments during 1942 to 1942 production.

In developing the requirements program for which this appropriation is requested, the Lend-Lease Administration was supplied by each of the lend-lease governments with a statement of its needs. These statements were carefully analyzed and reviewed by the Office of Lend-Lease Administration, and, in the course of this examination, were reduced 19 percent in dollar cost and 30 percent in terms of dry cargo tonnage. This reduction was based upon a number of factors, including the judgment of the Office of Lend-Lease Administration as to the importance of the articles and services to the lend-lease countries in relation to available shipping and supply and the competing needs of the United States armed services and civilian economy.

The unified requirements program developed by the Office of Lend-Lease Administration upon the basis of the estimates submitted by the lend-lease countries has been reviewed by each of the allocation agencies dealing with the article or service in question and the head of each agency has certified that the program with respect to the particular article or service is reasonably capable of fulfillment and will not unduly interfere with the needs of the United States armed forces and civilians.

The committee has carefully considered the amendment inserted in the bill during the debate on the floor of the House of Representatives which prohibits the use of the funds appropriated for the payment of subsidies on agricultural commodities. The committee inquired as to whether or not it was intended to use the funds appropriated for such purposes. Representatives of the Office of Lend-Lease Administration made it clear that they did not contemplate that any lend-lease funds would be used to pay agricultural subsidies. Mr. Stettinius pointed out, as an example, that under the present subsidy program, the Government buys the entire production of cheese in this country for 27 cents. It is intended that the cheese be sold for domestic consumption at about 23¼ cents a pound, the difference of 3¾ cents with respect to this cheese being made up out of Commodity Credit Corporation funds. The Office of Lend-Lease Administration and all other governmental consumers will pay the full price of 27 cents for cheese taken for governmental purposes, which will cover the cost of procuring such cheese. It is felt that under the circumstances the funds of one Government agency should not be used to subsidize the

procurement of another agency, which would be the result were Lend-Lease to buy cheese at the subsidized price of 23¼ cents. The price paid by the Lend-Lease Administration for agricultural products will be the same regardless of whether or not a subsidy program is undertaken for the benefit of private consumers.

The committee is of the opinion that the question as to whether the Government should undertake a program of agricultural subsidies should be considered on its merits in connection with the legislation now pending before the Banking and Currency Committee and other committees of the House and Senate and that piecemeal legislation on this subject should be avoided. Accordingly, the committee recommends that the amendment inserted on the floor of the House with respect to subsidies, which reads as follows, be eliminated:

: *Provided further,* That none of the funds appropriated in this Act shall be used for the payment of any subsidy on agricultural products.

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78TH CONGRESS
1ST SESSION

H. R. 2753

IN THE HOUSE OF REPRESENTATIVES

JUNE 3, 1943

Ordered to be printed with the amendments of the Senate numbered

AN ACT

Making supplemental appropriations to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, to enable the President, through such departments or agencies of the Government as he may designate, further to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for each and every pur-

pose incident to or necessary therefor, the following sums for the following respective purposes:

(a) For the procurement, by manufacture or otherwise, of defense articles, information, and services, for the government of any country whose defense the President deems vital to the defense of the United States, and the disposition thereof, including all necessary expenses in connection therewith, as follows:

Vessels, ships, boats, and other watercraft, including the hire or other temporary use thereof, and equipage, supplies, materials, spare parts, and accessories, $1,552,659,000.

Agricultural, industrial, and other commodities and articles, $4,452,623,000.

(b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith, $259,348,000.

(c) For administrative expenses, $8,999,000: *Provided,* That transfers may be made from this appropriation to the consolidated appropriation for "Necessary services and expenses" to the extent necessary to reimburse such appropriation for transfers made pursuant to the Urgent Deficiency Appropriation Act, 1943.

(d) In all, $6,273,629,000, to be available until June 30, 1944.

(e) Each of the foregoing appropriations shall be additional to, and consolidated with, the appropriations for the same purposes, contained in the same respective categories of appropriation in the Defense Aid Supplemental Appropriation Act, 1941, the Defense Aid Supplemental Appropriation Act, 1942, and the Second Defense Aid Supplemental Appropriation Act, 1942, and the appropriations contained in the foregoing Acts, are hereby continued and shall be available until June 30, 1944: *Provided*, That with the exception of the appropriation for "Administrative expenses", not to exceed 20 per centum of any of such consolidated appropriations may be transferred by the President to any other of such consolidated appropriations, but no such appropriation shall be increased more than 30 per centum thereby: *Provided further*, That notwithstanding the foregoing proviso (1) balances, unobligated as of April 30, 1943, and balances subsequently released from obligation, of appropriations contained in the foregoing Acts for "Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof", may be transferred by the President to and consolidated with the appropriation provided above for "Agricultural, industrial, and other commodities and articles", and (2) balances, unobligated as of

April 30, 1943, and balances subsequently released from obligation, of appropriations contained in the foregoing Acts for "Necessary services and expenses" may be transferred by the President to and consolidated with any of the appropriations provided above, except the appropriation for "Administrative expenses."

SEC. 2. Any defense article, information, or service procured from funds appropriated by this Act or prior Acts appropriating funds to the President for the purpose of carrying out the provisions of said Act of March 11, 1941, as amended, shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby (1)~~: *Provided further,* That none of the funds appropriated in this Act shall be used for the payment of any subsidy on agricultural products~~.

(2)*SEC. 3. That the Act approved March 25, 1943 (Public Law 18, Seventy-eighth Congress), be amended by deleting "two hundred and twenty-five million bushels" and inserting in lieu thereof "two hundred and seventy-five million bushels".*

SEC. ~~(3)~~ 4. This Act may be cited as the "Defense Aid Supplemental Appropriation Act, 1943".

Passed the House of Representatives May 21, 1943.

Attest: SOUTH TRIMBLE,
Clerk.

Passed the Senate with amendments June 3 (legislative day, May 24), 1943.

Attest: EDWIN A. HALSEY,
Secretary.

78TH CONGRESS
1ST SESSION

H. R. 2753

AN ACT

Making supplemental appropriations to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 3, 1943

Ordered to be printed with the amendments of the Senate numbered

all right, so far as I am concerned. Push them through." If we assume the responsibility the bill says we should, we will do with these men the same as we should do with every other individual, so far as patronage is concerned—and that is how this bill will be looked upon by the public; make no mistake about it. Make no mistake about the bill, this is a bill which will tell the War Production Board, which will tell the Office of Defense Transportation, and all the other agencies of the Government, just whom they can and cannot appoint to important positions in the great war effort, and I am against the bill on that ground, if on no other.

No one can ever convince me that the bill will not delay and frustate the war effort, and I am more interested in that than I am in trying to keep some individual from being appointed at the head of the War Production Board in my State, or the head of the O. P. A. in my State, or to any other particular agency operating in my State.

Mr. HATCH. Will the Senator yield now?

Mr. LUCAS. I yield.

Mr. HATCH. My reason for asking the Senator to yield a moment ago was to suggest something along the line he was discussing, that if the Senate takes the responsibility, it also assumes the obligation of discharging the responsibility. How many confirmations does the Senate now have; twenty-odd thousand?

Mr. McKELLAR. Forty-odd thousand.

Mr. HATCH. There are 40,000 or 50,000 nominations to be confirmed. There are only so many days in the year, and only so many hours in a day, and if a Senator rightfully discharged his obligation regarding nominations, he would do nothing else but investigate and report as to the qualifications of employees, not officers, in the executive branch of the Government.

Mr. LUCAS. Mr. President, I do not wish to cast the slightest reflection on the integrity or the conclusion of any Senator who may disagree with the premise I have stated, that so long as we are in war against an enemy whose leaders have said that "Today there are two worlds, one the totalitarian and the other democratic, and one of them must break asunder," I am constrained to oppose every proposal suggested which in my opinion would frustrate or delay for one moment the hour of victory of the United Nations.

I am convinced that this type of legislation is one of the many legislative illusions which minimize our war efforts. If we do not give to the home front everything we can give in the way of legislative support, and if we hinder and delay and frustrate action on the home front, through adoption of such a legislative policy as is proposed by the pending bill, then ultimately such delay will find its way to the military front, and in my opinion will postpone the successful conclusion of the war. I am sure that if the war were not so far away from the Atlantic and the Pacific shores, we would not be considering a measure of this kind at this crucial hour.

I am not one of those who think, because of our great victory in Africa, because of the effective bombing which is going on in Germany at the present time, and because of our victories in the Pacific, that the war is going to be over in a short period of time, although I pray to God I am wrong. I am legislating today on the theory that the Germans hold Bermuda and that the Japs hold Hawaii, and I cannot legislate in any other way, as I see the awful catastrophe which confronts this great country of ours.

Mr. President, much has been said about the confirmation of the appointment of postmasters, rural-mail carriers, and others who are not policy-making officers of the Government. Such employees are used as an example of confirmation by the Senate, and that is, of course, exactly what we do here. I think I am fairly well acquainted with that situation also. Much as I regret to say so, every congressional district in my State outside Cook County, and some on the inside, are now represented by Republicans. Consequently, under the rules of the game established long ago most of the responsibility for the selection of postmasters and rural-mail carriers falls primarily upon the shoulders of the Senator from Illinois. I should like to have Senators see the long row of files in my office dealing with these two subjects alone, containing the voluminous amount of correspondence which has accumulated with respect to practically every postmaster, and a similar amount of correspondence with respect to practically every rural-mail carrier. These two outstanding examples of patronage alone demand more of a Senator's time than he should give to such a matter, and that is especially true when Senators have so many weighty problems upon their minds dealing with their Government as it affects the entire world.

Let it be said that I have made many valuable friends through appointments. I have also lost a great many friends through them. In appointing one postmaster one makes him his friend but loses the other eight who take the examination, because each and every one of them thinks he was entitled to the post office. Many applicants start a flood of letters to my office with every conceivable kind of argument. Obviously, to answer them requires much of a Senator's time. The point I make is that if we assume the task of confirming 38,000 more appointments and we give to those appointments the same amount of time we are compelled now to give to the appointment of postmasters and rural mail carriers, Senators will be doing nothing but handling patronage jobs. I do not want to have to do anything like that.

Mr. President, if there ever was a time in the history of this Nation when United States Senators should avail themselves of every opportunity to study government and world affairs, it certainly is at this hour.

Not long ago the senior Senator from Georgia [Mr. GEORGE] was responsible for the appointment of a commitee to study post-war economic conditions. I am a member of that committee. I undertake to say that if I have to handle the thousands of additional appointments which may be involved in Illinois, if I should be obliged to continue to make investigations, and constantly to write to people about this individual and that individual in order intelligently to pass upon his qualifications, I shall not have any time to study post-war economic conditions. It is all I can do now to keep up the correspondence dealing with postmasters and rural mail carriers and other vital problems that affect the home front.

The military and civilian problems which have arisen throughout the Nation as a result of the present global conflict are of such enormity and perplexity that none of us can find the time to keep ourselves sufficiently informed as to all developments.

Many of these problems particularly affect one's own State and the people one represents. We have a duty, obligation, and responsibility to the States and their people, and of course we are glad to do what we can to aid them in their quest for information concerning important matters which affect their families, or their businesses, or their community.

Mr. President, I wish I might be able to divorce myself completely from all patronage matters in this great crisis. I say that with all the sincerity I possess. Then I would have some time, perhaps, to study such a bill as the one now before the Senate, rather than coming in here and listening to arguments concerning it, and then make the argument I am now making. Certainly I shall not vote for a measure which will place more patronage responsibility upon my shoulders, and that is all the pending measure would do. It makes no difference how much one clothes the discussion with constitutional arguments, when we get right down to brass tacks it is simply a question of wanting to control the appointments which are being made by the various bureaus.

Mr. President, when I make this statement, I do not mean to say that the heads of the various departments of government should not confer with United States Senators with respect to policy-making officials in their respective States. But certainly this measure goes far beyond anything of that kind, and if we are to set the limit at $4,500, as is done by the bill, then it seems to me we should include all appointments, and let the Senate do nothing but sit here day after day, week after week and investigate every $1,200 employee in the Government, and on up to those receiving $10,000 a year. In my humble judgment, that certainly will finally happen if once we move in this direction.

Mr. President, I think the bill should be defeated. I do not speak for any one else than myself, but I am confident that when the time comes that the President of the United States carefully analyzes the bill, or has some one analyze it for him to see what it will accomplish in the way of hindering and frustrating and delaying the war effort, it will meet with a prompt and vigorous veto.

SEVERAL SENATORS. Vote!

Mr. HILL. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	George	O'Mahoney
Andrews	Gerry	Overton
Austin	Gillette	Pepper
Bailey	Guffey	Radcliffe
Ball	Gurney	Reed
Bankhead	Hatch	Revercomb
Barbour	Hawkes	Reynolds
Bilbo	Hayden	Russell
Bone	Hill	Scrugham
Brewster	Holman	Shipstead
Brooks	Johnson, Colo.	Smith
Bushfield	La Follette	Stewart
Butler	Langer	Thomas, Okla.
Byrd	Lodge	Tobey
Capper	Lucas	Truman
Caraway	McCarran	Tunnell
Chandler	McFarland	Tydings
Chavez	McKellar	Vandenberg
Clark, Idaho	McNary	Van Nuys
Clark, Mo.	Maloney	Wagner
Connally	Maybank	Wallgren
Danaher	Mead	Walsh
Davis	Millikin	White
Downey	Moore	Wiley
Eastland	Murray	Willis
Ellender	Nye	Wilson
Ferguson	O'Daniel	

The PRESIDING OFFICER (Mr. McFARLAND in the chair). Eighty Senators having answered to their names, a quorum is present.

SUPPLEMENTAL LEND-LEASE APPROPRIATIONS FOR DEFENSE AID

Mr. HILL. Mr. President, as the Senate knows, there is on the calendar an appropriation bill, House bill 2753, Calendar No. 270, making supplemental appropriations to carry out the provisions of an act to promote the defense of the United States, known as the Lend-Lease Act. Mr. Stettinius, the Director of the lend-lease, advises me that it is most urgent that the bill be passed today, if possible. Mr. Stettinius states that certain arrangements of the highest importance with Russia cannot be made or concluded until the bill is passed.

In view of the urgent situation, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the supplemental lend-lease appropriations bill be considered. If the Senate agrees to pursue such a course, it will mean, of course, that as soon as the appropriation bill is disposed of, the bill now pending will automatically come before the Senate.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Alabama?

Mr. McKELLAR. Mr. President, I take great pleasure in saying that I have no objection.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. HILL. I yield.

Mr. HATCH. The bill to which the Senator has just referred is the same bill which was on the calendar yesterday, is it not?

Mr. HILL. It is, indeed; I will say to the Senator.

Mr. HATCH. It was on the calendar when the Senate convened today, was it not?

Mr. HILL. It was.

Mr. HATCH. Every Senator has had the right to move at any time to proceed to the consideration of the bill, has he not?

Mr. HILL. He has.

Mr. HATCH. I am a little confused about the parliamentary situation. Can the Senate act only by unanimous consent?

Mr. HILL. Is the Senator asking me that question?

Mr. HATCH. Yes.

Mr. HILL. Of course, the Senator knows that a motion to consider any bill on the Calendar would be in order; and if a majority of the Senate were to agree to the motion, the bill would become the pending business of the Senate.

Mr. HATCH. Mr. President, will the Senator yield further?

Mr. HILL. I yield.

Mr. HATCH. Has any Senator expressed opposition to such a motion, if it were made?

Mr. HILL. Not to my knowledge.

Mr. HATCH. Does the Senator have any idea that there would be a single dissenting vote if such a motion were made?

Mr. HILL. I know of no such vote.

Mr. HATCH. Mr. President, it is almost ridiculous that an important war measure should be held up, and that the Senate should not act, when it had all the power necessary to act, because one Senator believed the proper procedure was to take up the all-important lend-lease bill first.

Mr. President, I will have no part in any procedure which would delay the war effort in the least. If Senators who have forced this action can gather any satisfaction to themselves from their course of action, that is perfectly agreeable to me.

Mr. President, I agree to the unanimous-consent request.

Mr. HILL. I thank the Senator for his very fine spirit.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of House bill 2753, a bill making supplemental lend-lease appropriations?

There being no objection, the Senate proceeded to consider the bill (H. R. 2753) making supplemental appropriations to carry out the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes, which had been reported from the Committee on Appropriations with an amendment.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the formal reading of the bill be dispensed with, that it be read for amendment, and that the amendment of the committee be first considered.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee? The Chair hears none, and it is so ordered.

The clerk will state the committee amendment.

The amendment of the Committee on Appropriations was, on page 4, line 16, after the word "thereby", to strike out the colon and the following additional proviso: *"Provided further,* That none of the funds appropriated in this act shall be used for the payment of any subsidy on agricultural products."

Mr. McKELLAR. Mr. President, let me say that the measure is exactly as it was when the House passed it, with the exception of the proviso on page 4 which has just been read. The Senate committee struck out that proviso. I think it was put in by the House under a misapprehension as to what kind of a subsidy was proposed. Lend-lease does not pay subsidies and is not interested in subsidies. I hope the amendment will be agreed to.

I believe that Senators understand this lend-lease measure. Lend-lease operations have been going on for more than 2 years. Lend-lease is an exceedingly important instrument in behalf of the war. I do not suppose any agency of Government except the Army, the Navy, and the Maritime Commission has been more instrumental in carrying on the war than has the Lend-Lease Administration. Its work has been excellent. It has reported constantly, both to the President and to Congress. It has made a splendid record. All the information which has been asked for by either branch of Congress has been furnished fully, frankly, and carefully.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. TOBEY. Let me suggest to the Senator that one of the reasons why the Lend-Lease Administration is so fortunate in the results it has achieved in obtaining the legislation it desires is the personality, tact, and high character of its administrator, Mr. Stettinius, who has won the confidence of all the committees of Congress.

Mr. McKELLAR. I think that is entirely true.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. McKELLAR. Before I yield let me say a word to the Senator from Michigan [Mr. VANDENBERG] and the Senator from New Hampshire [Mr. TOBEY].

Yesterday the Senator from Michigan asked the following question:

> Have any new lend-lease agreements been made since the recent extension of the act; and, if so, may they be produced for our consideration?

The answer is, "No." There have not been any, and cannot be any until this bill is passed. The authorities are awaiting the passage of this bill, and it is exceedingly important that it be passed at the earliest possible moment.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. VANDENBERG. I thank the Senator for his dependable reply to the question. I merely wish to observe, in case anyone connected with the Lend-Lease Administration is listening, that I hope if any new agreements are written those who write them will not ignore the unanimous, bipartisan observations of the Senate Finance Committee with respect to article VII, if they wish to avoid considerable annoyance the next time there is a lend-lease appropriation.

Mr. McKELLAR. Personally, I do not know what article VII is; but I do know that the Lend-Lease Authority will fully and promptly follow the dictates of Congress in every particular.

Let me reply to the question which was asked by the Senator from New Hampshire, which was as follows:

What amount of money has been transferred from the Army and Navy to lend-lease operations?

Here is the answer——

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. TOBEY. Let me say to the Senator that I received the information this morning from lend-lease headquarters, but I think it should be stated for the RECORD.

Mr. McKELLAR. I think it should be stated for the RECORD. I know that the Senator received the information.

This is the answer:

Of the approximately $11,000,000,000 of lend-lease aid that has been rendered, about 11 percent, or $1,200,000,000, represents finished munitions procured from appropriations to the Army and Navy.

Prior to the entry of the United States into the war, all appropriations for lend-lease purposes were made directly to the President, but since Pearl Harbor, in order to integrate the supply programs of our allies with the supply programs of the American Army and Navy, no lend-lease appropriations have been made to the President for finished munitions. However, there has been included in acts appropriating funds to the Army and Navy, the authority to transfer to lend-lease countries munitions procured from those appropriations up to a total dollar limit of $35,970,000,000. This means that the appropriations are primarily for the United States Army and Navy, but that a part of the munitions procured with the appropriations can, if the President deems wise, be transferred to lend-lease countries. The authority to make such transfers is exercised on behalf of the President by the Munitions Assignment Board, which determines in accordance with the broad strategy outlined by the Combined Chiefs of Staff whether munitions coming off the assembly line shall be retained by the United States Army and Navy or transferred to our allies.

None of the funds requested in the present appropriation bill is for finished munitions. There is, therefore, no duplication between the funds now being requested and the amount of transfer authority provided in the War and Navy Departments appropriations.

I hope that answer is satisfactory to the Senator.

Mr. TOBEY. It is. To recapitulate, the picture now is that about $34,700,000,000 in finished munitions are available for lend-lease to send to our allies overseas when, as, and if they need them.

Mr. McKELLAR. I now yield to the Senator from West Virginia.

Mr. REVERCOMB. Mr. President, on page 3 of the bill there is provision for an appropriation slightly in excess of $6,000,000,000. Subsection (e) of section 1 provides as follows:

(e) Each of the foregoing appropriations shall be additional to, and consolidated with, the appropriations for the same purposes, contained in the same respective categories of appropriation in the Defense Aid Supplemental Appropriation Act, 1941, the Defense Aid Supplemental Appropriation Act, 1942, and the Second Defense Aid Supplemental Appropriation Act, 1942—

That subsection further provides:

and the appropriations contained in the foregoing acts, are hereby continued and shall be available until June 30, 1944.

I should be very glad to have the distinguished Senator from Tennessee advise us how much remains unused of those former appropriations, which may be added to the $6,000,000,000 proposed to be appropriated by this bill.

Mr. McKELLAR. The Senator will see from the report of the committee that $2,057,496,000 is the amount which will be reappropriated under that provision.

Mr. REVERCOMB. Making a total, I take it, of something in excess of $8,000,000,000.

Mr. McKELLAR. That is correct.

Mr. REVERCOMB. Let me ask a further question. On page 2, under subsection (b) of section 1, there is provision for an appropriation of some $259,000,000—

For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith.

Am I to understand that Lend-Lease is attempting to underwrite the repair of machines of war in the hands of our allies?

Mr. McKELLAR. When the President determines that it is for the best interests of the United States, or is vital to the defense of the United States, he then undertakes to furnish the money for repairs to certain vessels and other instrumentalities of war, as may be necessary.

Mr. REVERCOMB. I understand that we furnish articles of war, such as munitions and other equipment; but are we undertaking to repair them in the hands of our allies? Are we to bear that expense?

Mr. McKELLAR. Yes. That has been done in a number of cases, I am sure.

Mr. REVERCOMB. And that is the purpose of this provision?

Mr. McKELLAR. That is the purpose of that appropriation. Are there any further questions?

Mr. REYNOLDS. Mr. President, I should like to ask the Senator a question.

Several days ago I received a letter from a constituent in Raleigh, the capital of my State, in which he stated that he had been given to understand by some radio commentators and newspaper columnists, and from what he had read and heard, that under lend-lease Great Britain is giving us more than we are giving her.

Mr. McKELLAR. No; that is not correct.

Mr. REYNOLDS. Is that not correct?

Mr. McKELLAR. No. However, Great Britain has furnished to the United States quite a large amount of tonnage of various materials, and quite a good deal of help.

Mr. REYNOLDS. Can the Senator tell me, in dollars and cents, how much we have given to Great Britain under lend-lease, and how much she has given us? What is the difference? Have we given her more than she has given us, or has she given us more than we have given her?

Mr. McKELLAR. We have given her more than she has given us. At the moment I cannot furnish the amount in dollars and cents.

Mr. REYNOLDS. Can the Senator give it in pounds?

Mr. McKELLAR. This is a statement of where lend-lease aid is going:

The total lend-lease aid, including both goods and services, has been distributed by areas as follows:

United Kingdom, $4,430,000,000.

Union of Soviet Socialist Republics, $1,826,000,000.

Africa and the Middle East, $1,573,000,000.

China, India, Australia, and New Zealand, $1,344,000,000.

Other areas, $459,000,000.

That is the way it has been distributed.

Mr. REYNOLDS. What is the total?

Mr. McKELLAR. The total is about $11,000,000,000 to date.

Lease-lend shipments to the United Kingdom totalled $3,116,000,000 from March 11, 1941, to April 1, 1943.

Shipments of essential supplies to the United Kingdom which were purchased for cash totalled $1,400,000,000 in the same period.

In the last 3 months lend-lease shipments to the United Kingdom were 40 percent of lend-lease exports to all areas.

With reference to the amount in ship tons which we received from Great Britain, I quote from the lend-lease report, as follows:

American forces in the British Isles are receiving almost all the supplies and services that can be provided on the spot as reverse lend-lease, without payment by us. Such aid is furnished through local supply officers at hundreds of airfields, camps, and bases throughout the British Isles. The following table shows the estimated quantities, in ship tons provided to the various services of the United States Army in the United Kingdom from June 1, 1942, to April 1, 1943.

Articles and equipment:	*In ship tons*
Engineer Corps	249,471
Quartermaster Corps	731,301
Signal Corps	7,371
Ordnance Department	115,716
Transportation Corps	3,757
Medical Corps	85,983
Air Force	139,541
Miscellaneous Supplies	29,541
Total	1,362,681

Mr. REYNOLDS. Of what do the materials consist?

Mr. McKELLAR. Various kinds of materials for the Engineer Corps, the Quartermaster Corps, the Signal Corps, the Ordnance Department, the Transportation Corps, the Medical Corps, and the Air Force, and miscellaneous supplies.

Of course, it is not anything like the amount we have given to the British. If I remember correctly, it is about 20 percent of the amount we have furnished them. However, it is a considerable item, and I believe Great Britain has done very well to furnish that much. The committee was exceedingly well pleased with the statement furnished us by the Lend-Lease Administration.

Mr. REYNOLDS. In other words, we have given them about five times as much as they have given us.

Mr. McKELLAR. Four or five times as much.

Mr. REYNOLDS. I wish to have the matter made clear, because I wish to know how to answer the gentleman who wrote me about it. As I stated a moment ago, he said that he had been told that they had given us much more than we had given them.

Mr. McKELLAR. Oh, no.

Mr. REYNOLDS. The truth of the matter is that we have given them about five times as much as we have received from them.

Mr. McKELLAR. Yes.

Mr. REYNOLDS. So many rumors fly around that at times one does not know where he really is. I have heard—although I cannot believe it is true—that in the lend-lease business in which we are engaged, when we give them something here on our shores they take it aboard their ships and charge us for carrying it to their shores. Is that correct?

Mr. McKELLAR. I cannot answer that question. We had no evidence before the committee upon that point. I shall be very glad to look it up.

Mr. REYNOLDS. I should like to know the truth about it, because I cannot believe the statement to which I refer.

Mr. McKELLAR. I will give the Senator the information later, but I cannot do so at the present time.

Mr. HILL. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. HILL. I think I can assure the Senator that the information which he has received is not correct.

Mr. REYNOLDS. I could not believe the statement when I heard it. I cannot understand why they should charge us for transporting to their shores supplies and materials furnished by us.

Mr. HILL. I think I can assure the Senator that that is not true.

Mr. McKELLAR. There was no evidence on that subject before the committee. Of course, we all realize that the problem of transporting war supplies, food, and goods in general across the ocean is a serious one at this time, and we have to resort to all kinds of arrangements in order to have the goods transported to foreign shores.

Mr. REYNOLDS. In connection with the perilous trips across the ocean, does Great Britain take title to the goods here, or does she wait until she gets them across the ocean? If a ship carrying several hundred tons of goods is sunk is that our loss or Great Britain's loss?

Mr. McKELLAR. There was no testimony furnished the committee on that point. The question was not asked by the committee, and I cannot give the Senator an answer to his question. As in so many other instances, there are a great many rumors which are not true.

Mr. REYNOLDS. I was wondering who would take the loss, and whether Great Britain takes title to the property here or after it has been transported across the ocean.

Mr. CONNALLY. That would depend on whether delivery had been made, would it not?

Mr. McKELLAR. The delivery would be made where they assume charge of the goods.

Mr. REYNOLDS. Is delivery made to them on our shores or after the goods have been transported to their shores?

Mr. McKELLAR. I cannot say. That is a very difficult question to answer. I shall have to look into it.

Mr. REYNOLDS. Can the Senator tell me with how many countries we now have lend-lease arrangements?

Mr. McKELLAR. My recollection is that we have such arrangements with approximately 44 countries.

Mr. REYNOLDS. I have heard that we are sending goods to 70 countries.

Mr. McKELLAR. We have the proof in the lend-lease report.

Mr. REYNOLDS. Does the Senator have the names of those countries?

Mr. McKELLAR. Yes; I have the names. I can give them to the Senator.

Mr. REYNOLDS. The Senator has said that the number is 44. Does that include the Central and South American countries?

Mr. McKELLAR. I shall be glad to read their names.

Mr. REYNOLDS. I do not wish to take the time of the Senator to read them.

Mr. McKELLAR. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a table from the report to Congress on lend-lease operations for the period ended April 30, 1943, showing the status of lend-lease countries and United Nations with respect to lend-lease arrangements.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

APPENDIX III.—*Status of nations, lend-lease countries and United Nations—Dates of signing of agreements.*

Country	Declared eligible for lend-lease aid	Lend-lease agreement signed	Reciprocal lend-lease agreement signed	United Nations declaration signed
Argentina	May 6, 1941			
Australia	Nov. 11, 1941	Feb. 23, 1942	Sept. 3, 1942	Jan. 1, 1942
Belgium	June 13, 1941	June 16, 1942	Jan 30, 1943	Do.
Bolivia	May 6, 1941	Dec 6, 1941		
Brazil	do	Mar 3, 1942		Feb. 6, 1943
Canada	Nov. 11, 1941			Jan. 1, 1942
Chile	May 6, 1941	Mar. 2, 1943		
China	do	June 2, 1942		Jan. 1, 1942
Colombia	do	Mar. 17, 1942		
Costa Rica	do	Jan. 16, 1942		Jan. 1, 1942
Cuba	do	Nov. 7, 1941		Do.
Czechoslovakia	Jan. 5, 1942	July 11, 1942		Do.
Dominican Republic	May 6, 1941	Aug. 2, 1941		Do.
Ecuador	do	Apr. 6, 1942		
Egypt	Nov. 11, 1941			
El Salvador	May 6, 1941	Feb. 2, 1942		Jan. 1, 1942
Ethiopia	Dec. 7, 1942			Oct 9, 1942
Fighting France	Nov. 11, 1941		Sept. 3, 1942	
Greece	Mar. 11, 1941	July 10, 1942		Jan. 1, 1942
Guatemala	May 6, 1941	Nov. 16, 1942		Do.
Haiti	do	Sept. 16, 1941		Do.
Honduras	do	Feb. 28, 1942		Do.
Iceland	July 1, 1941	Nov. 21, 1941		
India	Nov. 11, 1941			Jan. 1, 1942
Iran	Mar. 10, 1942			
Iraq	May 1, 1942			Jan. 16, 1943
Liberia	Mar. 10, 1942			
Luxembourg				Jan. 1, 1942
Mexico	May 6, 1941	Mar. 18, 1943		June 5, 1942
Netherlands	Aug. 21, 1941	July 8, 1942		Jan. 1, 1942
New Zealand	Nov. 11, 1941	Feb. 23, 1942	Sept. 3, 1942	Do.
Nicaragua	May 6, 1941	Oct. 16, 1941		Do.
Norway	June 4, 1941	July 11, 1942		Do.
Panama	May 6, 1941			Do.
Paraguay	do	Sept. 20, 1941		
Peru	do	Mar. 11, 1942		
Philippines				June 10, 1942
Poland	Aug. 28, 1941	July 1, 1942		Jan. 1, 1942
Saudi Arabia	Feb. 18, 1943			
South Africa	Nov. 11, 1941			Jan. 1, 1942
Turkey	Nov. 7, 1941			
United Kingdom	Mar. 11, 1941	Feb. 23, 1942	Sept. 3, 1942	Jan. 1, 1942
United States				Do.
Union of Soviet Socialist Republics	Nov. 7, 1941	June 11, 1942		Do.
Uruguay	May 6, 1941	Jan. 13, 1942		
Venezuela	do	Mar. 18, 1942		
Yugoslavia	Nov. 11, 1941	July 24, 1942		Jan. 1, 1942

Mr. REYNOLDS. I thank the Senator very much.

I have one further question. Under the lend-lease arrangements with Great Britain, what is the understanding with respect to return payment? How does Great Britain expect to pay us back for the difference between the balances? Does the Senator know the answer to that question? Has there been any discussion on the subject in the committee?

Mr. McKELLAR. I think it would require omniscience to answer that question; and I am not omniscient.

Mr. REYNOLDS. There is one other question which I wish to ask the Senator. We are providing lend-lease supplies to various countries in Central and South America. Does the Senator know what sort of an arrangement we have with the countries of Central and South America for them to repay us for what we are doing for them under lend-lease?

Mr. McKELLAR. No; I do not. However, I know that we have furnished aid under lend-lease to various South American countries. In my judgment, probably no aid that we have rendered has been of more vital importance, or more in the interest of this country than that which we have furnished our neighbors in South and Central America. I think our leaders have managed that matter exceedingly well, and I believe the American people will approve absolutely what has been done. We had a very difficult situation, as the Senator from North Carolina and every other Senator knows, and I think it has been managed admirably.

Mr. REYNOLDS. The reason I made inquiry about it is that in my State of North Carolina, as in the State of the able Senator from Tennessee, a great deal of cotton is produced, and in my State the chief industry is that of processing cotton textiles. It has been my observation that all the Central and South American republics are rapidly developing a textile industry, and I have understood that some of our lend-lease aid to South American countries has been for the development of their textile plants in competition with our plants in North Carolina. Of course, if that is so, I do not like it at all, because I am primarily interested in the people of North Carolina, and I do not want any other country being developed at the expense of the taxpayers of America and in competition with the producers of North Carolina. If it be true that lend-lease is providing funds for South American countries to develop their textile plants in competition with North Carolina textile plants, I want to protest against it.

Mr. McKELLAR. I think the Senator should first find out whether it is true. I do not think it is true.

Mr. REYNOLDS. I was asking the Senator for information. I did not have the privilege of going before the committee, or at least, while I had the privilege, I was not there, and I thought perhaps, the matter was discussed in the committee.

Mr. McKELLAR. I am quite sure that what the Senator suggests is not true. In the next place, I believe that whatever is done, is done to help the war effort in such a way as not to hurt our own country.

Mr. REYNOLDS. I was wondering in regard to the South American situation to which I referred.

Mr. McKELLAR. I am sure the Senator is mistaken.

Mr. HILL. Mr. President——

Mr. McKELLAR. I yield to the Senator from Alabama.

Mr. HILL. I was going to say that I think I can assure the Senator from North Carolina that the acting chairman of the committee, the Senator from Tennessee is absolutely right and that what the Senator from Tennessee suggests has not taken place.

Mr. REYNOLDS. I take the Senator's word for anything, but I wanted to find out, because I am particularly interested in my constituents since I have a campaign coming on next year. [Laughter.]

Mr. McKELLAR. I have not a campaign coming on next year, but I am very much interested in the same matter.

Mr. REYNOLDS. I noticed the other day that we had agreed to let Brazil have $50,000,000 for the purpose of developing her iron deposits. I wonder if that went under lend-lease?

Mr. McKELLAR. No, I am sure it did not.

Mr. REYNOLDS. I know it has not been discussed for a number of years.

Mr. ELLENDER. Mr. President——

Mr. McKELLAR. I yield to the Senator from Louisiana.

Mr. ELLENDER. I notice in the Report to Congress on lease-lend operations, appendix 3, page 42, the countries that are receiving lend-lease aid are listed, and I notice that Canada has no lend-lease agreement with this country. Can the Senator tell us why?

Mr. McKELLAR. I want to be perfectly frank, and I really do not know.

Mr. ELLENDER. Can the Senator tell us how much in the way of goods is obtained from Canada and then sent to England under a lend-lease agreement?

Mr. McKELLAR. If the Senator will excuse me, may I ask him to repeat his question?

Mr. ELLENDER. Can the Senator tell us how much in the form of goods is shipped from Canada to this country and then sent to England under lend-lease agreements?

Mr. McKELLAR. I do not know of any such goods. There was no proof before the committee that any such goods were sent from Canada to this country and then transshipped under lend-lease to the United Kingdom or Great Britain.

Mr. ELLENDER. I notice in the table to which I have referred the third column indicates the dates when lend-lease agreements were signed and the next column shows the countries that have signed reciprocal lend-lease agreements. What is meant by reciprocal lend-lease agreements?

Mr. McKELLAR. It means what it says. Australia and Belgium, that is, that portion of Belgium not controlled by the Germans, have signed such agreements, and also fighting France, New Zealand, and the United Kingdom.

Mr. ELLENDER. Does it not mean that those countries that have signed that have signed lend-lease agreements but have not signed reciprocal lend-lease agreements do not have to give back in proportion to what they receive of anything to offset what they received from the United States? Let us take the Netherlands; it appears that the lend-lease agreement with that country was signed under date of July 8, 1942. There was no reciprocal lend-lease agreement signed. The Netherlands controls large oil interests throughout South America, and I am wondering if the Netherlands furnishes us any oil in order to offset any goods which we in turn supply to her?

Mr. McKELLAR. I cannot say because there was no evidence before the committee on that subject.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. TYDINGS. So far as Canada is concerned, on page 31 the Senator will find at the bottom of the page the following statement:

> Canada does not receive lend-lease aid from the United States. She buys munitions and other supplies from us and we buy other types of munitions and materials from her for cash. However, some lend-lease supplies are exported to Canada for the use of other United Nations' forces in training there. We have, for example, sent more than 1,000 trainer planes to Canada for British Royal Air Force, Norwegian, Polish, and other student pilot units. Other lend-lease exports to Canada consist of supplies sent for transshipment, principally partially fabricated munitions items on which production is completed in Canadian plants. The finished products are then sent on from Canada to the United Kingdom, Russia, the Middle East or the Far East, and thus do not appear in the records of United States exports to these areas.

Does that answer the Senator's question?

Mr. McKELLAR. I thank the Senator from Maryland.

Mr. ELLENDER. I was aware of that language, but I understood that we obtained a considerable quantity of goods from Canada and then transshipped them to England under lease-lend. That was what I was attempting to elicit from the Senator from Tennessee.

Mr. McKELLAR. There was no testimony about that, and I am sure the Senator is mistaken regarding it.

Mr. ELLENDER. I am asking for information. I do not know.

Mr. McKELLAR. I cannot give the exact information, as there was no proof concerning that before the committee, and I have no document here which gives the information. I am quite sure, I will say to the Senator, that that is not correct.

Mr. ELLENDER. I understand that we are purchasing from British Guiana, and, I think, from Dutch Guiana, about 60 percent or more of our bauxite requirements. I am wondering if we pay cash for it or if we get any credit?

Mr. McKELLAR. Let me ask the Senator a question about that. Is it purchased through the B. E. W., the Board of Economic Warfare?

Mr. ELLENDER. I do not know.

Mr. McKELLAR. I am sure it is, if it is purchased, and, therefore, it would not come under lend-lease at all.

Mr. ELLENDER. Mr. President——

The PRESIDING OFFICER (Mr. McFARLAND in the chair). Does the Senator from Tennessee yield to the Senator from Louisiana?

Mr. McKELLAR. I yield.

Mr. ELLENDER. I am wondering why it should not. Here is an opportunity, it strikes me, where the English could certainly offset to a large extent some of the cost of goods we are sending to them, and the same thing would apply to the Netherlands. It is my infor-

mation that the Netherlands is in control of or is purchasing much oil in South America and in several islands in that area, and we are paying out good cash for that oil, and at the same time we are sending to the Netherlands much in the way of goods. I am wondering why it is that a reciprocal lease-lend agreement has not been signed by the Netherlands.

Mr. McKELLAR. I cannot answer that question.

Mr. TYDINGS. Mr. President, a great many of the materials which come from South and Central America particularly are bought by the R. F. C., or some of its subsidiaries. For example, materials worth about $450,000,000 have been bought by the R. F. C. for our own use and also for our allies, which are not included in the lend-lease account, because they are straight-out purchases by our Government through the medium of the R. F. C.

Mr. President, that brings up the thought that there should be some place in the Government where a master set of books is kept with all countries with which we have lend-lease agreements, either reciprocal, or one way, or whatever they may be, so that when the war is over at least we may have a picture of what has taken place.

Outside Lend-Lease, and the R. F. C. and the Director of Inter-American Affairs, which also spends money in Central and South America, the Army and Navy have lend-lease transactions in munitions, which have amounted to about a billion and a half dollars, according to my figures, and I shall later put the correct figures in the RECORD. Those things do not come through the Lend-Lease Administrator at all, but they are lend-lease in munitions, and air bases, sea bases, docks, and installations. When this matter was brought up in the committee, Mr. Stettinius, the Administrator, said he would get in touch with the Army and the Navy and with the other agencies and attempt to elicit information as to this matter so that in the future the Congress would have an over-all picture of all gifts, or grants, or whatever we may call them, which have been flowing not only from lend-lease, but from other agencies, to foreign countries associated with us in the war.

Mr. McKELLAR. I think the purchases in South America and elsewhere spoken of by the Senator are purchases which are made by the Board of Economic Warfare for different purposes, and that Lend-Lease does not take part in those purchases, and they are not on their books.

The Senator from Maryland is correct, Mr. Stettinius was asked those questions by the Senator, and he very cordially joined in the view that there should be books, and that there should be an over-all record kept of everything.

Mr. ELLENDER. The fact remains, however, as I am sure the Senator will admit, that agencies of our Government are buying from England materials which are really located in South America, but are owned and controlled by England. We are giving cash for them, and the materials are brought back to this country and manufactured, and then transported to England, without offsetting any of the purchase price of the raw material.

Mr. McKELLAR. I cannot tell the Senator about that, and I do not think any human being on this earth can tell him. I wish to indicate to him why I make that statement. It is because I find that while those of us on the Committee on Appropriations are working night and day to provide appropriations, my good friend Jesse Jones, with the R. F. C., under authority given him by the Congress, is appropriating about one-fourth or one-third as much money as the Congress is appropriating. So heaven knows who is buying. I think there are dozens of organizations under the R. F. C. which are using money as they please in the war effort, without any respect to Congress, without any regard to whether or not it is appropriated by the Congress. What we do is to give the R. F. C. the power to issue bonds, and they spend the money as they please, without reference to any appropriations made by the Congress. I think that is very unfortunate, I think it is very unwise legislation, and I am glad the Senator has brought the matter up so that I could make this statement to the Senate.

I believe that situation should be corrected. I think appropriations should come from the Congress, as required by the Constitution. I do not believe we should have a dozen agencies appropriating money in the war effort or any other effort of the Government.

Lend-lease, however, has nothing to do with that. Lend-lease comes before the Congress in the proper way. It comes before the Committee on Appropriations, asks for what it wants in the war effort, explains why it needs the money, gives all the facts openly and above board, and Congress thereupon appropriates the money, just as we are doing in the pending bill. Every other agency of the Government, in my humble judgment, should follow the same course. There should not be a score or more of independent offices appropriating money daily for things we know nothing about and making no report to the Congress.

I learned only a few days ago, in an examination before the Economy Committee, of tremendous sums spent which I did not know anything about, and I do not think any other Senator knew anything about them, because it was purely by accident, and not through the regular course of duty, that it was discovered. I think that should be stopped.

Mr. ELLENDER. Mr. President, when the renewal of the lease-lend came up for consideration before the Senate I asked several questions seeking to elicit from the Senator from Texas whether he could indicate in dollars and cents the amount England has given this country in order to offset what we have let them have under the lease-lend agreement. I never saw the figures, and I doubt if the figures have been presented to the Committee on Appropriations.

Mr. McKELLAR. My recollection of that is that they were presented to us, but I do not think they appear in the record, I think they were given off the record. My recollection is that the amount was $1,200,000,000, but I should have to examine the record again in order to be certain about it, and I will do so, in answer to the Senator's question.

Mr. ELLENDER. It strikes me that since we have a reciprocal lease-lend agreement with Great Britain, Mr. Stettinius, who heads our Lease-Lend, should at once look into this matter.

Mr. TYDINGS. Mr. President, will the Senator from Tennessee yield?

Mr. McKELLAR. I yield.

Mr. TYDINGS. Let me point out to the Senator from Louisiana that our armed services have spent in British territory $833,000,000 in building air fields, installations, houses, and semi-permanent arrangements, which are not a part of lend-lease. I do not say this in criticism of our armed services, because in many of the cases perhaps the national safety warranted the expenditure of the money before any agreement could be worked out. I mention it only for the purpose of showing the Senator that, even when the lease-lend picture is before us, there have been almost a billion dollars additional spent in British territory.

Mr. ELLENDER. And that does not come under lend-lease.

Mr. TYDINGS. It does not come under lend-lease, and that is one of the reasons why I think Britain could give us the bases in the West Indies permanently in exchange for those expenditures, because those bases could be used only in an attack on or defense of the United States, as they lie close to our coasts.

Mr. McKELLAR. Let me say, in reply to the Senator from Maryland, that I hope we will not go into the question of bases in connection with the pending appropriation bill. They are handled under a policy of the Government which is legislative and executive entirely, and does not come under the head of appropriations.

Mr. President, I am quite sure that the Office of Lend-Lease Administration is carrying out, in the best way possible, the law as Congress passed it, and I think every member of our committee who was present and heard the testimony given by representatives of the Lend-Lease Administration has come to the same conclusion.

The Senator from Louisiana a few moments ago asked about what we are buying from the Netherlands Government and what we are sending to the Netherlands Government. We are sending nothing to the Netherlands Government under lend-lease which is not being paid for in cash, except finished munitions.

I also wish to say to the Senator from North Carolina [Mr. REYNOLDS] that the Lend-Lease Administration has provided no aid to any South or Central American country except in the way of munitions. What the Lend-Lease Administration is doing is done for the purpose of carrying on the war. We are not interfering with the internal arrangements of other countries. In our

lend-lease dealings we are not interfering with the local situation in other countries or with the administrations in other countries. What we are doing is to help the war effort by furnishing munitions and other implements and articles of war which will help us win at the earliest possible moment.

Mr. President, if I may be excused for saying it, after having had representatives of the Lend-Lease Administration before our committee many times, I have become greatly impressed with their desire to carry out the lend-lease law in the best way they can, and while they no doubt are making mistakes—everyone makes mistakes—still they are doing a good job.

Mr. President, if there are no other questions to be asked regarding this measure, I hope we may have a vote on it.

Mr. GEORGE. Mr. President, I should like to make a few observations. I thought I would not make any, but the turn which the discussion in the Senate takes every time the question of lend-lease is brought up is, as I see it, a bit discouraging.

Early in 1941, almost a year before Pearl Harbor, Congress considered lend-lease. The bill, I believe, was actually passed and approved by the President on March 11, 1941. Everyone who is at all conversant with the facts knows very well that the dollar exchange in this country of those nations which are now fighting the war on our side was practically exhausted. It was rapidly reaching the vanishing point. Everyone who is familiar with what took place after the passage of the lend-lease measure, allowing for a great deal of waste, allowing for a great deal of mismanagement, allowing for a great deal of incompetency, if you please—if there has been waste, mismanagement, and incompetency in the handling of lend-lease funds—must know that through the passage of the lend-lease measure we are at least half a year, if not a full year farther advanced toward the final conclusion of the war, whenever it may be that the war shall end. This Nation is spending today at the rate of approximately $8,000,000,000 a month, and if lend-lease did nothing more than shorten the war by 12 months, or by 6 months, it would pay back in dollars and cents considerably more than the entire appropriation made for lend-lease, to say nothing of the blood of our men which will be saved if the war is brought to an end 6 months or 12 months earlier than it otherwise would come to an end.

Mr. President, when we had the lend-lease measure before us I, as chairman of the Foreign Relations Committee of the Senate, had the honor to conduct the hearings on it. I had the honor to champion in a small way the passage of the lend-lease measure through the Senate. There was an honest difference of view at that time on the part of many Senators with respect to the advisability of the lend-lease program. Many Senators feared—and I entirely respect the views of those Senators—that the passage of the measure and the operations which would necessarily flow from it, would have a tendency to and would actually take us into the war. That time is past. Who was right or who was wrong upon that important question is not now, it seems to me, a proper subject of discussion. The fact remains that with lend-lease, and perhaps without lend-lease, Pearl Harbor would have come; Japan would have struck us in the back on that fateful December morning, with or without lend-lease, but beyond the peradventure of a doubt we were some 12 months further advanced in our capacity to manufacture the munitions and the engines of war.

So, Mr. President, I should like to say now that I am not concerned with any accounting between us and the nations which are fighting on our side. I do not greatly care, except for the sake of the complete record, whether a balance is ever struck. I am conscious of the fact that there might not have been any other cotton mills in my State or in any other State if we had not met this issue in the way we did. I am convinced that if we had not made the preparations in the expansion of our plants, if we had not made the preparations which we made in those precious months when we were buying time, if you please, against the fateful hour of attack, the war would have to continue a year longer; and it costs us $100,000,000,000 every year to fight this war, and it will cost us an untold number of human lives, the lives of the best men we have in the Nation.

Mr. President, I am not worried about some waste in Lend-Lease Administration. Under its present management, I have the feeling that it has been most efficiently handled, but I am not concerned about some mismanagement and some failure to compel the countries with which we are obliged to deal at this time to pay us back before we allow them to have the things which are necessary.

How can we place a value upon the good will, and cooperation, and the actual willingness to fight by our side of all our South American neighbors? How can we estimate the good will and the willingness to die in our behalf on the part of all those nations that are fighting on our side? Does anyone expect that China will ever be able to pay us back? Yet how can we estimate the value of China, how can we estimate the value of the blood China is spilling in holding back in the Pacific the most treacherous enemy this Nation has ever had?

Here are the facts, if they are wanted: There is not an informed person anywhere who cannot reach the conclusion, and who is not compelled to reach the conclusion, if he deals frankly with the situation, that even if we have shortened this war by only 6 months we have cut down our expenditures, at the present rate, by $48,000,000,000, not by a mere $11,000,000,000; and in the blood of our men, in the tears of their mothers, we have saved more than can ever be estimated.

I do not defend everything which may have been done under lend-lease—far from it, although I know of very little that has not been done properly. However, I am not stopping to analyze and examine with a microscope all the steps which may have been taken by conscientious men when the lend-lease program was first under consideration.

I desire now to pay my respects to one, a member of the Cabinet, a man who is not of my political faith—I refer to the Honorable Henry L. Stimson, the Secretary of War—who had a deeper interest, who had a more profound conception of precisely what lend-lease meant, than did almost any other man in our Government. I remember with what devotion he fought, day and night, against what he thought would be crippling provisions in the Lend-Lease Act, because he realized, as all America should realize, that the lend-lease program was the very heart of our contribution in the defense of the free nations of the earth until we reached the hour when we were called upon to spill our blood in behalf of the great cause in which we were compelled to take up arms.

Mr. President, it is natural and commendable to scrutinize the expenditures made by all agencies of government; and it is easy to examine the lend-lease operations and find out that so much money has been given here and so much aid there, and to raise a question about whether the expenditures were necessary or proper. However, before we do that we should realize that, against the $11,000,000,000 we have spent under lend-lease, and against the additional $11,000,000,000 we may spend, or the twice $11,000,000,000 we may spend, we have saved, in mere dollars and cents, more than lend-lease has cost, that probably we have sustained the faltering lines, both on the east and on the west, of our chief Axis enemies, that probably we have supported them, and that, but for lend-lease, they might have had to give up the fight before the hour came for the attack upon us. Let anyone recall the time when the three Axis Powers entered into their compact, and let him know for a certainty that somewhere in the future lay the day and hour of attack upon us by one or more of the members of the Axis group.

So, Mr. President, if ever there was a step taken by the American Congress, if ever there was an appropriation, for which I could vote in all good conscience, it was the step we took in passing the Lend-Lease Act and the appropriation of every sum of money we have appropriated under that act.

I thought I should like to make this statement, Mr. President, because I think the historians of the future will recognize that the date of the signing of the lend-lease bill and the commencement of the course of action which our President then took, and has steadfastly followed, was the day on which the Axis Powers were defeated.

Mr. TYDINGS. Mr. President, I am in hearty accord with a great deal of what has been said by the distinguished senior Senator from Georgia. I, myself, voted for the lend-lease bill before we got into the war. I voted for it as an insurance policy against our becoming involved in the war, more than for any other purpose. I voted for it, in part, because I felt that the countries at-

tacked by the Axis Powers were less at fault, were the innocents, so to speak, and deserved the support of fair-minded mankind.

As I understand the pending question, the issue whether lend-lease was a good thing or a bad thing is not involved in the present debate. Only a short time ago the lend-lease law was reenacted; and, if my recollection serves me correctly, it passed with no votes against it in this body.

What is now before us is an appropriation bill. It is the duty of Congress to examine that appropriation bill, the activities which have heretofore taken place, the purposes for which the money was appropriated, the ends to which it has been used, and from the whole picture to determine the wisdom of continuing in whole or in part, or even to a greater extent, the lend-lease activities provided by the pending bill.

Therefore, I point out, as an advocate of lend-lease, as one who has never failed to give it his support, that I have no quarrel at all with its philosophy. I agree with the Senator from Georgia that if we can shorten the war by a year or 6 months, or, I shall say even 6 minutes, the wisdom of lend-lease can be defended, because it will mean the saving of a great many American lives.

However, in spite of all the humanities of the equation, it would be unwise for this country or for the Congress not to keep an eye on lend-lease appropriations, just as it keeps an eye on the appropriations for our own Army and Navy, and from time to time to ascertain whether lend-lease and lend-lease in reverse, which is the Siamese twin of our lend-lease policy, are receiving the consideration which the sacrifices of Senators' sons and the sons of their constituents merit in all the circumstances, considering that lend-lease was passed 9 months before this country entered the war, and, in the eloquent language of the distinguished Prime Minister of Great Britain, was the most generous act ever performed by any government in the history of the world.

What is lend-lease? First of all, under lend-lease authorizations some $18,410,000,000 was made available to the Lend-Lease Administrator; but in addition to that authorization the War Department, in the Third Supplemental Appropriation Act, the Fourth Supplemental Appropriation Act, the Fifth Supplemental Appropriation Act, and the Sixth Supplemental Appropriation Act of 1942, and the Military Appropriation Act of 1943, was given additional billions of dollars for lend-lease purposes. So the total sum given to the Lend-Lease Administrator and to the Army and Navy amounts to $35,907,000,000.

When Mr. Stettinius appeared before the Appropriations Committee and gave us a very detailed, and I thought a very frank account of his stewardship, I asked him if he was conversant with the expenditures of the War and Navy Departments in certain fields of military activity outside the United States. He said he had only a general picture of it, but he went on to say that he thought it wise—as I do—that somewhere in this Government there should be a master set of books which would show all the ramifications of the whole lend-lease program, not only his part of it, but the War Department's part of it, the Navy Department's part of it, and such other parts of it as might be pertinent.

I wish to digress and read some of the expenditures of the War Department. As these bits of information are confidential and secret, I shall substitute letters of the alphabet—not an uncommon practice in Washington—for the names of the countries so that no military information will leak out:

Country A, $24,000,000; a South American country; for airports, sea bases, and appurtenant facilities, built with American funds and with American material and equipment. American administrative employees and natives of A comprised approximately 85 percent of the employees.

Country B, $1,900,000 for airports, sea bases, and appurtenant facilities; built with American funds and American materials and equipment; American administrative employees; native labor in country B furnished approximately 85 percent of the employees.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. McKELLAR. As I understand, the Senator is now reading expenditures made by the War Department and not by the Lend-Lease Administration.

Mr. TYDINGS. That is correct; and I am bringing it out only to show that this thing called global war, so far as appropriations and expenditures are concerned, ought to receive the constant scrutiny of the Congress of the United States, not only from the time Lend-Lease was originally enacted, but through all subsequent appropriations. I think it only wise, in view of what I consider the willingness of our country to give—and I believe it is most willing to give everything it humanly can to our allies and to others associated with us—to examine the counter-picture and, where opportunity exists, to see if the willingness is reciprocated to an equal degree. If that be "small" I am sorry; but I do not believe it is.

Mr. McKELLAR. Mr. President, will the Senator further yield?

Mr. TYDINGS. I yield.

Mr. McKELLAR. The Senator is a member of the Committee on Appropriations, and in a few minutes I hope he will be made a member of the conference committee which will consider this question in conference.

Mr. TYDINGS. I shall support the bill on the floor and in conference. I am thoroughly in favor of it, as the Senator knows.

Mr. McKELLAR. I know the Senator is. What I was about to say is that the Senator realizes that none of the other countries can reciprocate with the same ease and facility with which we have given.

Mr. TYDINGS. I will come to that. I do not agree with that statement.

Mr. McKELLAR. The Senator will also recall that the testimony before our committee was that Great Britain has been very careful to reciprocate whenever she could, and is doing more as time goes on, and as conditions improve. The same statement applies to other countries.

Mr. TYDINGS. I have not yet come to Great Britain.

The first country to which I referred was country A. I note that we spent $24,000,000 on airports there. I also note that the Reconstruction Finance Corporation bought $24,858,000 worth of critical materials from that country. As the airports and facilities are either permanent or semipermanent, it occurred to me that there might have been a little lease-lend in reverse in that situation, in which we paid both ways. If lend-lease, as I know it exists in this country, is to be encased and clothed in a cloak of unstinted generosity, when we are viewing this global war, I do not see why that garment cannot be made the international mode of dress to a greater extent than appears to be the case up to the present, from an examination, not of a part of the figures, but of all the figures.

I use that comparison only by way of illustration. I could prove the case in many other instances. In addition to paying all the bills, we have paid in full for all the materials we have purchased from countries which have been the beneficiaries of our foreign construction.

Country C, $840,000 for the same purposes.

Country D, $380,000 for the same purposes.

Country E, $220,000 for the same purposes.

Country F, one of the countries mentioned in the debate, which was paying cash for everything awhile back, but whose name I will not now mention, $5,300,000. Eighty-five percent of the labor in that particular case consisted of nationals of the beneficiary country, and the United States paid the whole bill.

Country G, $17,100,000. The same situation existed.

Country H, $830,000. The same situation existed.

County I, $4,200,000. The same situation existed.

Country J, $780,000. The same situation existed.

Country K, $2,100,00. In all these instances the situation with respect to labor was the same, so from now on I shall simply read the countries and the amounts, in order to save time.

Country K, $8,300,000.

Country L, $16,000,000.

Country M, $330,000.

A group of countries, $21,200,000; another operation in the same group of countries, $16,000,000.

An island not far from continental United States, $24,500,000; another island, $1,900,000; another island, $360,000; another island, $11,300,000; another island, $33,300,000; another island, $15,700,000; another island, $4,900,000; another one, $2,500,000.

Another one, $3,500,000; another one, $19,700,000; another one, $95,000,000; another one, $189,000,000; another one, $168,000,000.

That is not chicken feed, Mr. President.

Another one, $62,000,000; another one, $51,000,000; another one, $23,000,000; another island, $80,000,000; another island, $25,000,000; another island, $3,300,000; another island, $100,000,000.

There are several places with reference to which the amount of money is not stated, but where a description is presented of the work done.

I took the Army and Navy figures—and I have read only the Army figures because those relating to the Navy are comparatively small—and for the most part, the Navy's construction has been in places where there was nothing else to do, as it can well be imagined, and the total is nearly a billion and a half dollars. Of this amount almost $800,000,000 was spent in territory of the British Empire. None of this appears in the lend-lease picture. The labor was all furnished locally by British subjects. Eighty-five percent of the common labor was so furnished in practically every case, and we paid the whole bill. That was all right with me. But if these countries were furnishing 85 percent of the labor, it seems to me that at least they might have made that as a contribution when the work was done on their own soil, and when we were most generous in lives, as well as in money, in protecting many of the countries—the names of which I have disguised by using letters of the alphabet—from the threat of invasion, or of being conquered.

I find that the Reconstruction Finance Corporation has spent $432,690,000 in the purchase of materials in Central and South America. In many of the countries where these works were installed, 85 percent of the labor used consisted of nationals of the country in which the installations were made. We paid for all the labor and, at wartime prices, bought these critical materials.

There is another angle to this picture. Who is to pay for this? Senators, our sons who are on the battlefield today are going to pay for it. I agree with my distinguished friend from Georgia. Some of these men will return, and the liquidation of this debt will be an obligation which they will have to carry for the remainder of their lives. It will require as much money merely to pay the interest on our national debt as was raised by this Government for all purposes every year from 1930 to 1940. That is merely for interest alone.

I think we owe those men something. I do not mean that lend-lease should be discontinued. I do not mean that it was wrong then or now. I think it was right then, and I think it is right now. However, I think we owe it to those who are going to the theaters of war as fast as ships can take them, as well as to those who are already there, that we give a good accounting of our stewardship, and while we have been and will be generous, to make sure that we have kept the faith with them in this body in the same way they are keeping the faith with us everywhere in the world.

Mr. McKELLAR rose.

Mr. TYDINGS. I yield.

Mr. McKELLAR. I thought the Senator was through.

Mr. TYDINGS. No; I shall not conclude for some time.

Mr. President, our work does not stop there. We have entered into various good-will activities, with which I am in accord, and I find that we have spent $21,000,000 for health and sanitation in countries of the Western Hemisphere. That was a fine good-will gesture, but the boys on the fighting fronts will be required to pay that $21,000,000 when they return home. The extent to which we have placed an unbearable and additional load on their shoulders without good reason constitutes, in my judgment, a betrayal of them.

Mr. President, lend-lease should be, in the very nature of things, not a matter of equality of payments because it cannot be, and no sensible man would demand, that books be kept on that basis. But there should be, insofar as there can be, a willingness to reciprocate for the generosity of this great powerful and rich country which has so willingly and rightfully, in my judgment, poured out its abundance in order to help shorten this bloody struggle, and save first of all the lives of our citizens, although many of them have already made the supreme sacrifice.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. HAYDEN. Is there any part of the $21,000,000, to which the Senator referred, for health and sanitation, which was expended for any purpose except to obtain rubber in South America?

Mr. TYDINGS. Allow me to say "Yes."

Mr. HAYDEN. What part?

Mr. TYDINGS. The health and sanitation program applies to countries which supply only rubber.

Mr. HAYDEN. Does the Senator know what portion of the money related to the production of rubber? My understanding is that considerable sums were necessary for expenditure in Brazil in order to obtain rubber from the jungles.

Mr. TYDINGS. That is correct. Let us take that as an illustration. I think the Brazilian Government—a country of which I am very fond, and the leading country in size and population in South America, as well as a country which is actually with us in the war—should have the full benefit of the lend-lease program as it now enjoys it. I am heartily in favor of that. I likewise see that our war trade with Brazil has amounted in some critical materials to only $24,000,000.000.

It has occurred to me that with a little more cooperation we could have persuaded Brazil to have borne some of the expenses incident to the furnishing of these critical materials. That is what we are furnishing Brazil. Munitions are nothing more than critical materials because critical materials put together are munitions, and we are sending munitions to Brazil. It seems to me that Brazil might very properly give us raw materials with which to make those munitions in return.

Mr. HAYDEN. But to return to the question of expenditures for health and sanitation; I have heard the representation made that we were in great need of rubber, that it was obtainable in the Brazilian jungles, but it was absolutely necessary to combat malaria and other tropical diseases.

Mr. TYDINGS. That is correct.

Mr. HAYDEN. And in order to obtain it we made these advances. Is it true that the money was not spent for that purpose, and if not, for what purpose was it spent?

Mr. TYDINGS. I can show the Senator the amount of money that was spent in Brazil for health and sanitation, and it was a large sum. I can also show him that money was spent for health and sanitation in countries very far south of Brazil, where rubber was not a question at all.

Mr. HAYDEN. Were American troops operating in that area?

Mr. TYDINGS. Not in all cases. Of course, it is only a drop in the bucket, anyway, because the whole amount is only $27,000,000. I merely put that in the picture to show, as I have said, that this is an uncoordinated effort. Mr. Stettinius has only the lend-lease part of it, the War Department has another part of it, the Navy has another part of it, the R. F. C. has another part of it, the Coordinator of Inter-American Affairs has another part of it, and all of them are agencies spending money. In my judgment there should not only be a master set of books provided to determine what have been our contributions and the contributions of other countries to us, but if there were greater coordination, without any hardship on some of the recipient countries, I think we could obtain the things we are buying without in the future actually taxing the boys who will bear the load of extra debt when they return. That is the whole point of my argument.

Mr. HAYDEN. There could be no argument about that at all. It is simply plain common sense.

Mr. TYDINGS. But that is not being done.

Mr. HAYDEN. We should not do these things in an uncoordinated way. I merely wanted to try to advance the idea that when we are making expenditures justified by the acquisition of so scarce an article as rubber, they might be very wise expenditures.

Mr. TYDINGS. They might be, but I still cannot see why we could not induce Brazil to pay the money for the development of her own natural resources, when we are sending munitions to Brazil, and she is a country at war.

Mr. HAYDEN. It depends on how quickly we can get rubber.

Mr. TYDINGS. We cannot get rubber in 24 hours, if I understand the tire situation aright.

I think we have reached the time when, I respectfully might suggest, these agencies have to be coordinated. I should like to see the President issue an Executive order to husband all this outgo and income of materials and money through some central agency, from which we could

get a statement of fact from time to time, and the account would be beyond dispute, and it would not be lost in the extraneous records of some department or bureau or agency. I think we owe it to the men who are abroad to do that while they are gone.

Mr. VANDENBERG. Mr. President, has the Senator included the Board of Economic Warfare?

Mr. TYDINGS. No; I have not.

Mr. VANDENBERG. That is the master mystery of all, is it not?

Mr. TYDINGS. I may say that the account which I am rendering is only of that part of the activities which have come within my knowledge. I do not doubt for a moment that there are other agencies and activities, in fact, I could now name two at least, in addition to those I have enumerated, and in addition to the one the Senator has mentioned, from which money is flowing out, apparently without any thought at this juncture of a reciprocal arrangement. That is no reflection on the Lend-Lease Administrator, because it is not within his jurisdiction. That condition exists because these functions and activities have to do with organizations and agencies which are not in any way tied in with lend-lease, either because of a fault in the law or because of a fault in executive administration in not coordinating them all in one place.

Mr. TOBEY. Mr. President, will the Senator from Maryland yield?

Mr. TYDINGS. I yield.

Mr. TOBEY. Supplementing the inquiry of the Senator from Michigan with reference to the B. E. W., the distinction between the lend-lease and the B. E. W. is a pronounced one. Lend-lease, when it needs money, comes to us for an appropriation, as in the bill before us, but when the B. E. W. wants money, it does not come to Congress for it, it simply issues a directive to the R. F. C., and the powers of the B. E. W. are so broad that in the last analysis, they can draw on every dollar Jesse Jones has in the R. F. C., and the draft has to be honored. That is of course an extreme illustration.

Mr. TYDINGS. The Senator is correct. In addition to the agencies I have mentioned by name, the Commodity Credit Corporation makes expenditures in foreign countries, the Export-Import Bank makes expenditures in foreign countries, or loans, in some cases, and in the case of the Export-Import Bank, as of the date I got this information, the loans amounted to $71,000,000.

All these loans, of $71,000,000, $132,000,000, and so on, are cumulative, they run into billions, and therefore I make the statement, after having had access to the adding machine, that these simple matters which I have brought to the attention of the Senate today amount to $2,000,000,000, all one way, and which the Lend-Lease Administrator has not on his books because they are not lend-lease operations as encompassed in the law. We should have at some place, a master set of books, and a clearing house, for these extraneous dealings, so that somewhere along the line we would know what the picture was.

Mr. AUSTIN. Mr. President, is the $2,000,000,000 amount contained in the appropriation under consideration?

Mr. TYDINGS. No; it has already been spent.

Mr. AUSTIN. Will this appropriation include a similar item of $2,000,000,000?

Mr. TYDINGS. No, it will not. I may say to the distinguished Senator from Vermont that the $2,000,000,000 for the most part has come out of Army and Navy funds which we appropriated, and with a provision in the law that they could be used for the purposes which I have generally outlined in the few illustrations I have given, and which carry all the way down through practically all of them.

Mr. AUSTIN. I would not have my inquiry interpreted as an objection.

Mr. TYDINGS. I understood that. I did not put that construction on it. I wish to make plain to everyone that I am not attacking lend-lease in the slightest. I voted for it when it was first before the Senate, I voted for it for the reasons I have stated, partly out of regard for what I thought was the right and wrong in the matter, or, if one wants to look at it that way, because I was a trifle idealistic, perhaps, and largely as an insurance policy, just in case the little bit we could give in so short a time would mean the difference perhaps between the recipient nation standing up or going down.

I am glad we took the action, and I am not against lend-lease now. Money is of secondary consequence. Lives are important. It is important to end the war. But money is of sufficient consequence that where it is being given for a specific purpose, the recipient, when he is able to do so, should reciprocate. I cannot see the slightest thing wrong with that, either in idealism, or in self-interest, or in the general interest.

Mr. HILL. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. HILL. I do not wish to delay the Senator's speech, but in reference to the observation made by the Senator from New Hampshire, there came to my attention 2 or 3 weeks ago a copy of a statement which Mr. Milo Perkins, the Director of the Board of Economic Warfare, made before a subcommittee of the Committee on Appropriations of the House of Representatives. I take it, therefore, of course, that if Mr. Perkins appeared before a subcommittee of the Committee on Appropriations of the House, Mr. Perkins, with his Board of Economic Warfare problem, will come before the Senate Committee on Appropriations.

I am not a member of the Committee on Banking and Currency, of which I think the Senator from New Hampshire is a member. I do not know whether the Senator was present 2 or 3 months ago when Mr. Perkins appeared before that committee.

Mr. TOBEY. I examined him.

Mr. HILL. I do not know whether the Senator agrees or not, but it was my information, from Senators who heard his testimony, and other Senators, that Mr. Perkins made a most interesting statement, and made a very strong case for what the Board of Economic Warfare was doing. I did not hear the statement. I read in the hearings of the committee that part of the statement which was printed, but it was my understanding, and the records so indicated, that a good part of what Mr. Perkins testified to was off the record and, therefore, did not appear in the printed hearings.

Mr. TOBEY. That is correct. I think he did give a very interesting account of the operations of the B. E. W. Beyond peradventure, some of us on the committee believe that the way to operate is not by access to funds with no limit whatever, but these boards should come before the Congress, sell their propositions, get their appropriations, and clear through Mr. Lindsay Warren's organization, the General Accounting Office.

Mr. HILL. I merely wish to say, as I previously stated, that Mr. Perkins was before a subcommittee of the House Committee on Appropriations some 2 weeks ago, so I am sure he will be coming also before the Senate Committee on Appropriations.

Mr. TYDINGS. Mr. President, I wish to reiterate, at the expense of boredom, perhaps, that I am for lend-lease. I am for the utmost generosity we can extend to our allies to shorten this war, and make victory certain and quick, and save every life possible, not only of the men of our own country, but of those of countries which are fighting on our side, whether it be in the Far East, in Europe, or wherever it may be. I am in no sense trying to set up books on that account.

However, it has occurred to me, and I hope this is not disunity, that one of the great failings of a young country such as ours, which has been engaged in world affairs on a large scale for only a few years, lies in its idea that everyone in the world has a detached view, and thinks beautiful thoughts, and is good, and kind, and so on. I think that estimation of the world is unsound, and I think too many of our population have that view. I do not want to see my country—although it may be overgenerous, as I hope it will be in its contributions—to be so overly overgenerous as to be really foolish.

Therefore, when we were pouring out these things to our allies, particularly before we got into the war, and primarily for their defense—for ours incidentally, but primarily for theirs—and when they were so appreciative, as I knew they were, it did not seem to me to be the part of treason, or disunity, or even un-Americanism, for me to ask, or to look around to see what they could do for us, not in payment, not in complete wiping out of the accounts, but as a reciprocal measure which would put them on the same plane that we were on.

Out of my temerity to enter into this greater field of activity beyond our borders, it occurred to me that we had leased for 99 years some bases in the West Indies, and I was curious to see how much money we had spent there. I shall not state the sum, but it is not small. Then I was curious to see how much we had spent on contiguous or nearby islands or territory, and I found

that the sum was not small, and it was spent on or in the very part of the Dominion from which we had leased the bases, that is, the country was the same.

These islands, as everyone knows, and as every military man in Britain, in Russia, in China, or in the United States will tell us, have one value only, for the defense of or attack upon the United States. They are close to our own shores. I do not want the islands. I do not want the populations. I do not want my country to use this war as an imperialistic instrument, but the naked bases themselves, which have been leased for 99 years—why? Because they were important to us, and the lessor country realized it—the naked bases themselves, it seemed to me, could very well be transferred to United States sovereignty, not the whole of the islands, not the population, but merely the bases, by way of reciprocation in small part for what we were trying to do there in addition to furnishing armies and navies.

Now the things we are sending abroad, Mr. President, are much more important than money. Money advanced can be repaid by mere services, but when natural resources are taken out of the ground of any country, even though it has no national debt, there is a resultant impoverishment. What we are taking out of the ground is oil, iron, other minerals, which nature took thousands of years to put into the ground, and which human ingenuity cannot return once it is extracted. Therefore the effort on my part to try to obtain for us a spit of sand only, which might protect our remaining resources, I did not think would be anti-British, or anti-Russian, or pro-Axis, or tend toward disunity. It occurred to me that it might be nothing more than a very, very, very, very, very, very small lend-lease, or reciprocal aid, or whatever one might want to call it. I make no apologies whatever for having made that suggestion, and I am using this occasion now to reiterate it.

Mr. President, I should likewise like to see the title to some islands in the Pacific cleared up, to which a country, the greatest recipient of our lend-lease operations before Pearl Harbor, as well as now, claims dominion along with us. They are only little sand spits. They are the only islands we lay claim to in this whole vast territory, among hundreds of thousands of islands. That nation has disputed as against us the title to those two little islands, and has gone so far as to land civil servants on each of them, so that there will not be any question about relinquishment of those two little islands, out of all the thousands of islands, when the war is over.

Mr. President, that sort of thing makes one a little more realistic about lend-lease than he was when we began it. It is beyond my understanding what in the world two or three little islands close to our shores can mean to that country in comparison to what they would mean to us.

Some persons have gone so far as to say "You ought to let these questions remain until after the war." Well, we did not let our oil, and our iron, and other supplies remain here until after the war, and if the transaction is settled after the war I shall be just as happy as if it is settled now, but I think we ought to make the record as we go along. I remember that after the last World War we did not make the record well enough, and there was a great deal of dispute afterwards. The Senator from Oregon remembers very well that it was the habit of Senators to say, "When such and such was going on you did not say anything," or "When the other thing was going on you arose on the floor and said thus and so," and that was forever conclusive evidence that the door was closed then and there.

Mr. President, I have tried to profit by that experience in my own humble way. I do not live in the intellectual clouds, as do some of the great people of this country who never held any political office, but who can lecture on all subjects, astronomy, war, meteorology, disease, the future of mankind, how the world ought to be set up hereafter, how everyone will be taken care of or be lost in the shuffle. I thought I would get down to this more limited mental operation of simply trying to be generous, but trying to be reasonable at the same time.

Mr. President, I find that just off the shores of the lower part of the United States we have spent $212,000,000 on the territory of one particular country. All the labor furnished was local labor, that is, the ordinary labor. We paid the whole bill. Then I find that we bought hundreds of millions of dollars of material, and I find that we paid for it all. Then I find that we spent great sums for welfare purposes, and we paid for it all.

Mr. President, I find evidences of this astounding thing, that after this war we will have a repetition of exactly what happened after the last war, namely, that the people who demand that nothing be said on matters of this kind during the conduct of the war will be out in the front ranks criticizing everyone in and out of Congress for not having spoken out. Mark my words, and see if that will not be true. Senators will find such persons writing stories, and making speeches, and taking Congress to task for not doing now what they say should not be done until after the war is over. Human nature and human reactions are strange. The very people who are denouncing the Congress for even uttering a sentence during the conduct of this war will rise after it is over and say, "What kind of a Congress was it that permitted these things to go on?" So we had better make the record now.

My humble effort here this afternoon is only to bring these facts to the attention of the Congress, because I believe we owe it to our own people, to those in the armed services, while we support the lend-lease program, while we give these additional billions of dollars—and I shall give the program my full support—that the facts be brought out. The world knows that lend-lease is a one-way street in many cases, a one-way street which could be made a two-way street by a little bit of reciprocal generosity to offset the generosity so abundantly shown in actions of this country even before Pearl Harbor and so abundant since.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. TOBEY. Mr. President, I shall detain the Senate but a few moments on a matter not of international import but of very vital import to my colleagues and constituents back in New England and the eastern Atlantic States. It is a tragic situations, and to meet this situation I am taking heroic methods this afternoon by seeking to amend the pending bill in order to give relief to a portion of our citizenship which sorely needs relief. As evidence to buttress my case I read to the Senate a telegram received this morning from the commissioner of agriculture of the State of New Hampshire, as follows:

CONCORD, N. H., *June 3, 1943.*

Hon. CHARLES W. TOBEY,
Senate Office Building,
Washington, D. C.:

Desperate feeding problem faces New Hampshire dairymen and poultrymen, especially the latter. Reports from millers advise impossible to get corn and wheat. Thousands of our people responded to appeal for poultry meat and eggs as with milk. Feeding situation now so desperate unless relief immediately comes thousands of chicks, broilers, and layers will go hungry, and day-old baby chicks do not live long without feed concentrates. Advice via Boston corn and wheat plentiful supply, but fixed price on corn forces holding from sale. Chance to secure supply through Chicago auction market at price above Office of Price Administration fixed price. Millers do not care to violate Federal prices fixed or take loss in July market, Chicago sold short. Check if possible Federal holding corn and wheat and do at once all possible to relieve desperate situation. Urge quick Senate approval bill passed today by House authorizing sale 50,000,000 bushels Government-owned wheat. Urge favorable influence on quick transportation via Great Lakes grain authorized for entry from Canada. Quick action imperative.

ANDREW L. FELKER,
Commissioner of Agriculture.

Mr. President, I read a second telegram from the Merrimack Farmers Exchange, Inc., R. W. Peasley, general manager:

CONCORD, N. H., *June 2, 1943.*

Senator CHARLES TOBEY,
Senate Office Building,
Washington, D. C.:

New England nearly out of corn, wheat, and barley. None available on market. Birds starving in 10 days.

MERRIMACK FARMERS EXCHANGE, INC.,
R. W. PEASLEY, *General Manager.*

I read another telegram from G. M. Bartemus Co., of Concord, N. H., as follows:

CONCORD, N. H., *June 2, 1943.*

Hon. CHARLES TOBEY,
Senate Office Building,
Washington, D. C.:

Unable to buy corn, wheat, or barley in New England. Mill can run 3 days more on present supply. Can you do anything to relieve the situation?

G. M. BARTEMUS CO.

Mr. President, with that Macedonian cry coming to my desk this morning, and as a citizen of the State of New

Hampshire, and a Senator from that State, I make bold to come before the Senate this afternoon to submit an amendment to the pending lease-lend bill, not because it affects lease-lend; it is not even germane to it. The amendment is, I know, subject to a point of order, as Senators all know, but I have received splendid cooperation from my leader, the distinguished senior Senator from Oregon, and having gone to the distinguished Senator from Tennessee [Mr. McKELLAR] and obtaining his cooperation in the fine spirit that he would not invoke the rule which provides for a point of order to lie against such a proposal, and would not make the point of order; having discussed the matter with the Senator from Alabama [Mr. BANKHEAD], who has given me helpful cooperation; the Senator from Georgia [Mr. RUSSELL]; the Senator from Vermont [Mr. AIKEN]; and other Senators, I now come before the Senate and say that this situation is so acute in New England and in my own State of New Hampshire that I ask my colleagues in the Senate to consider this situation in the thesis of the Pauline statement, "We are every one members one of another." This is truly a Macedonian cry.

So, Mr. President, I submit the amendment to provide that out of the Commodity Credit Corporation's supply of wheat on hand, 50,000,000 bushels more shall be released and sold, as 125,000,000 bushels were sold last March or February, and be sold at not less than the parity price of corn, so that thereby we shall relieve this shortage which at the present time is in its acute stage.

I send the amendment to the desk, and ask for its reading and adoption.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 4, after line 18, it is proposed to insert the following additional section:

SEC. 3. That the act approved March 25, 1943 (Public Law 18, 78th Cong.), be amended by deleting "two hundred and twenty-five million bushels" and inserting in lieu thereof "two hundred and seventy-five million bushels."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Hampshire.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H. R. 2753) was passed.

The PRESIDING OFFICER. Without objection, the clerk will be authorized to change the section numbers.

Mr. McKELLAR. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. McKELLAR, Mr. GLASS, Mr. HAYDEN, Mr. TYDINGS, Mr. RUSSELL, Mr. NYE, and Mr. LODGE conferees on the part of the Senate.

CONFIRMATION BY THE SENATE OF CERTAIN GOVERNMENTAL EMPLOYEES

The Senate resumed the consideration of the bill (S. 575) to provide that officers in the executive branch of the Government who receive compensation at a rate in excess of $4,500 a year shall be appointed by the President, by and with the advice and consent of the Senate, in the manner provided by the Constitution.

EXECUTIVE SESSION

Mr. HILL. I move that the Senate proceed to consider executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. McFARLAND in the chair) laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. McCARRAN, from the Committee on the District of Columbia:

James H. Flanagan, of the District of Columbia, to be a member of the Public Utilities Commission of the District of Columbia for the term of 3 years from July 1, 1943. (Reappointment.)

By Mr. THOMAS of Utah, from the Committee on Education and Labor:

Douglas Maggs, of North Carolina, to be Solicitor for Labor.

By Mr. McKELLAR, from the Committee on Post Offices and Post Roads:

Several postmasters.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the calendar.

FOREIGN SERVICE

The legislative clerk read the nomination of Anthony J. Drexel Biddle, Jr., of Pennsylvania, now Ambassador Extraordinary and Plenipotentiary to Poland, serving concurrently as Envoy Extraordinary and Minister Plenipotentiary near the Government of Czechoslovakia, to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America near the Government of Czechoslovakia now established in London.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Alexander C. Kirk, of Illinois, now Envoy Extraordinary and Minister Plenipotentiary to Egypt, to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America near the Government of Greece now established in Egypt.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of James S. Moose, Jr., of Arkansas, to act as minister resident and consul of the United States of America to Saudi Arabia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk proceeded to read sundry nominations of consuls general and of other Foreign Service officers.

Mr. HILL. I ask that the nominations of consuls general and of other Foreign Service officers be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

Mr. HILL. I ask that the President be immediately notified of all nominations confirmed today.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

That completes the calendar.

RECESS

Mr. HILL. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 28 minute p. m.) the Senate took a recess until tomorrow, Friday, June 4, 1943, at 12 o'clock noon.

NOMINATIONS

Executive nominations received by the Senate June 3 (legislative day of May 24), 1943:

REGISTER OF LAND OFFICE

Leo F. Sanchez, of New Mexico, to be register of the land office at Santa Fe, N. Mex. (reappointment).

COAST AND GEODETIC SURVEY

The following-named employees of the Coast and Geodetic Survey to the position indicated:

Don A. Jones to be hydrographic and geodetic engineer with rank of lieutenant (junior grade) in the Coast and Geodetic Survey, from the 15th day of May 1943.

David M. Whipp to be hydrographic and geodetic engineer with rank of lieutenant (junior grade) in the Coast and Geodetic Survey, from the 15th day of May 1943.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 3 (legislative day of May 24), 1943:

FOREIGN SERVICE

AMBASSADORS EXTRAORDINARY AND PLENIPOTENTIARY

Anthony J. Drexel Biddle, Jr., now Ambassador Extraordinary and Plenipotentiary to Poland, serving concurrently as Envoy Extraordinary and Minister Plenipotentiary near the Government of Czechoslovakia, to serve concurrently and without additional compensation as Ambassador Extraordinary and

comes, and our country's welfare also; the Congress ought to give thought now to safeguarding the mining industry, large and small, against the dumping of surplus war minerals and metals at the conclusion of hostilities. Prices of such must not be permitted to be unduly depressed.

There is another matter I wish to mention, not quite in the same category but equally important. Of course, as the chairman said, this bill does not say anything about land belonging to Uncle Sam, formerly used by private individuals but now taken over for war purposes. The value of much of that land has been reduced or changed because of its war use. I hope that the Congress will give adequate thought to the restoration of the value of that part of the public domain now used for war purposes so that at the conclusion of hostilities it may be returned to its former peacetime uses.

Mr. WHITE. Will the gentleman yield?

Mr. MURDOCK. I yield to the gentleman from Idaho.

Mr. WHITE. What does the gentleman advocate doing with all of the surplus Government-owned stock piles of copper and lead after the war?

Mr. MURDOCK. Yes, I want a great reservoir established and held of all strategic and critical minerals so we shall never again be caught lacking. I have just introduced a bill which will take care of that. I was anxious to learn from the chairman of the committee whether this legislation before us brought that subject within the purview of the study of the committee which is being set up. In view of the fact that this bill does not touch that subject, I hope that the Members will give due consideration to the bill which I introduced June 7, H. R. 2895, which does go to that proposition.

Mr. WHITE. The gentleman appreciates there is a deluge of copper, lead, and zinc being poured into this country from foreign countries all over the earth at the present time for war uses?

Mr. MURDOCK. Yes, I understand that fact and I regret that the war made it necessary, but for the protection of our home producers, both large and small, we must look into that matter, too, so that that which has been brought in of necessity during the war from foreign lands will not be the cause of breaking the price of our domestic products.

The CHAIRMAN. The time of the gentleman has expired.

The Chair recognizes the gentleman from Kansas [Mr. CARLSON].

Mr. CARLSON of Kansas. Mr. Chairman, I hesitate to take time on this bill, and I do not expect to discuss the particular amendment that is now before the House, therefore my statement may be subject to a point of order. But I wanted to get into the discussion on the previous amendment which had to do with food surpluses. Seriously, I think that this Congress had better take some immediate action on certain of the regulations of the O. P. A. or we are going to have a food famine in this Nation. I am amazed at the new regulations being issued by the O. P. A.

I have a wire that came in this morning which amazed me. I did not realize how far this agency is going. I am going to read this wire. It is from Girard, Kans., and is dated June 8, reading as follows:

GIRARD, KANS., *June 8, 1943.*

Representative FRANK CARLSON,
Washington, D. C.:

Office of Price Administration order MPR 401, effective June 10, limiting feed grinders to 50 cents per ton for grinding corn, is absolutely prohibitive and ridiculous. Poultry, hog, and dairy production is heavy here, and if this order stands we will be compelled to shut down our grinders, which will be disastrous to a large number of farmers who depend on our grinding service to keep up their production. Your cooperation needed immediately to get this order rescinded at once in the interest of the war effort.

S. O. FREY,
Manager, Farmers Union Elevator.

This town is not in my congressional district, but, Mr. Chairman, I was amazed to learn that we are controlling out in the farm section the cost per ton for grinding feed. Think of it!

It is about time this Congress does something about the matter or we are going to have a food shortage in this Nation. I am fearful that we will be criticized. We can do something about it and we must do something about it.

I would like to talk about cattle feeding for a moment. If you take a 735-pound steer, put him on feed June 1 for 100 days, selling November 1 to 8, that steer has got to sell for $16.68 to break even, yet the O. P. A. is trying to maintain a selling price of $14.50. It is foolish to talk about taxation and enforced savings to drain off this surplus money in the country if we follow that sort of a program. Let us increase our production, let us get some things to sell in this country, let us get rid of all these regulations that are stymying the production of food in this Nation which in my opinion is going to lead to starvation in this Nation and in our allies.

Mr. MASON. Will the gentleman yield?

Mr. CARLSON of Kansas. I yield to the gentleman from Illinois.

Mr. MASON. The gentleman stated that we can do something and we should do something. I do not see what this Congress can do so far as the regulations that are issued by the O. P. A. are concerned. We have no power to reverse those regulations.

The CHAIRMAN. The time of the gentleman has expired.

The Chair recognizes the gentleman from Michigan [Mr. DONDERO].

[Mr. DONDERO addressed the Committee. His remarks will appear hereafter in the Appendix.]

The Chair recognizes the gentleman from Mississippi [Mr. WHITTINGTON] for the balance of the time.

Mr. WHITTINGTON. Mr. Chairman, I hesitate to detain the Committee. Like all members from agricultural districts, I am in sympathy with any legitimate aid that can be rendered the farmers, but I am doubtful about the amendment's giving them the priorities they have under this section without the amendment.

This amendment is to line 9 on page 8. Section 257 states that the property shall, first, be disposed of in the domestic market—the farmers have a right there—and then in the fourth paragraph states that the property may be disposed of by donation to tax-supported institutions, but the property shall be disposed of under this paragraph only if it cannot practicably be disposed of by sale or lease under any of the preceding paragraphs.

My friend from Oklahoma modifies this paragraph. My thought is, with all due deference, that he may really lose more than is gained, because he can acquire property only under this paragraph, whereas he has a prior right to it under paragraph 1.

Mr. Chairman, I trust the amendment will be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma [Mr. WICKERSHAM].

The question was taken; and on a division (demanded by Mr. WICKERSHAM) there were—ayes 35, noes 49.

So the amendment was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BONNER, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee, having had under consideration the bill (H. R. 2795) to amend the Budget and Accounting Act, 1921, to provide for the more efficient utilization and disposition of Government property other than land or buildings and facilities or fixtures appurtenant thereto, and for other purposes, pursuant to House Resolution 248, reported the same back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. CHURCH. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. CHURCH. I am opposed to the bill in its present form, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. CHURCH moves to recommit the bill to the Committee on Expenditures in the Executive Departments with instructions to that committee to report the same back forthwith with the following amendment: Strike out all of section 4.

Mr. WHITTINGTON. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

Mr. CHURCH. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

Mr. WHITTINGTON. Mr. Speaker, I ask unanimous consent that all Members who have spoken on the bill have 5 legislative days in which to revise and extend their remarks.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

COMMODITY CREDIT CORPORATION

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that I may have 5 legislative days in which to file a minority report on the bill regulating the Commodity Credit Corporation and extending its life.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

EXTENSION OF REMARKS

Mr. BARRETT. Mr. Speaker, yesterday I asked unanimous consent to extend my own remarks in the RECORD, and include therein an article by Warwick M. Downing. I am advised by the Government Printing Office that the cost is $126. I ask unanimous consent that the article be printed in the RECORD, notwithstanding the cost.

The SPEAKER. Is there objection to the request of the gentleman from Wyoming?

There was no objection.

[The matter referred to appears in the Appendix.]

PERMISSION TO ADDRESS THE HOUSE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that today, at the conclusion of the special orders heretofore entered, I may be permitted to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

CORRECTION OF RECORD

Mr. SMITH of Wisconsin. Mr. Speaker, on yesterday, June 8, in a colloquy with my colleague the gentleman from Wisconsin [Mr. SAUTHOFF] I was reported to have said:

> It is a known fact that more than 75 percent of the Wisconsin packers are scheduled to go under the hammer because of such conditions.

That is an error. The question should read:

> Is it not a fact that 75 percent of the Wisconsin pack is going for military purposes?

I ask unanimous consent that the permanent RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

EXTENSION OF REMARKS

Mr. GAVIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial from the Oil City Derrick on grade labeling.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. CLASON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter I received from the Commissioner of State Aid and Pensions in Massachusetts, and I further ask unanimous consent to extend my own remarks and include some tables which I have secured from the Department of Agriculture.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. CARLSON of Kansas. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein extracts from a speech by Mr. Beardsley Ruml at Cedar Rapids, Iowa.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. GAMBLE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD in two instances and include therein editorials.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

[The matter referred to appears in the Appendix.]

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that on tomorrow and also on the succeeding day, at the conclusion of the legislative program and following any special orders heretofore entered, I may be permitted to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

GEN. HIDINIO MORINGIO, PRESIDENT OF THE REPUBLIC OF PARAGUAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. McCORMACK. Mr. Speaker, I do this to announce to the House that His Excellency, Gen. Hidinio Moringio, President of the Republic of Paraguay, will be received by the House of Representatives tomorrow at 12:30 p. m. and will address the House of Representatives at that time. Therefore, I ask unanimous consent that it may be in order for the Speaker to declare a recess at any time tomorrow, subject to the call of the chair.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

SUPPLEMENTAL LEND-LEASE APPROPRIATIONS FOR DEFENSE AID

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 2753) making supplemental appropriations to carry out the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and ask for a conference.

The SPEAKER. Is there objection?

There was no objection.

The Chair appointed the following conferees: Mr. CANNON of Missouri, Mr. WOODRUM of Virginia, Mr. LUDLOW, Mr. SNYDER, Mr. O'NEAL, Mr. RABAUT, Mr. JOHNSON of Oklahoma, Mr. TABER, Mr. WIGGLESWORTH, Mr. LAMBERTSON, and Mr. DITTER.

VOCATIONAL REHABILITATION OF DISABLED PEOPLE

Mr. CLARK. Mr. Speaker, I call up House Resolution 247, which I send to the desk and ask to have read.

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 2536) to amend the act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment," approved June 2, 1920, as amended, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Education, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as shall have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. CLARK. Yes.

Mr. RANKIN. Is it proposed to take this bill up and dispose of it this afternoon?

Mr. CLARK. No; the purpose is just to adopt the rule, on which I understand there will be very little debate.

Mr. RANKIN. It is now almost 5 o'clock.

78TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
1st Session } { No. 537

SUPPLEMENTAL APPROPRIATIONS TO PROMOTE THE DEFENSE OF THE UNITED STATES

JUNE 10, 1943.—Ordered to be printed

Mr. CANNON, of Missouri, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 2753]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2753) making supplemental appropriations to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2 and 3.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows:

Restore the matter stricken out by said amendment and at the end of the matter so restored insert: *produced in the continental United States*; and the Senate agree to the same.

CLARENCE CANNON,
LOUIS LUDLOW,
EMMET O'NEAL,
LOUIS C. RABAUT,
JOHN TABER,
R. B. WIGGLESWORTH,
W. P. LAMBERTSON,
Managers on the part of the House.

KENNETH MCKELLAR,
CARL HAYDEN,
GERALD P. NYE,
H. C. LODGE, JR.,
Managers on the part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2753) making supplemental appropriations to carry out the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes, submit the following statement in explanation of the effect of the agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

No. 1: The House bill contains a provision that none of the funds appropriated therein shall be used for the payment of any subsidy on agricultural products. This matter is stricken out by the Senate. The conference agreement restores the House language and limits the provision to such products produced in the continental United States.

No. 2: Section 3, inserted by the Senate, amends the act of March 25, 1943 (Public Law 18) by increasing from 225,000,000 to 275,000,000 bushels the amount of wheat in governmental control that may be sold for feed purposes. The substance of this section has been incorporated in House Joint Resolution 133 which passed the House of Representatives on June 4 and the Senate on June 8. The conference agreement eliminates the Senate amendment.

No. 3: Corrects a section number in the bill to conform to conference action.

CLARENCE CANNON,
LOUIS LUDLOW,
EMMET O'NEAL,
LOUIS C. RABAUT,
JOHN TABER,
R. B. WIGGLESWORTH,
W. P. LAMBERTSON,
Managers on the part of the House.

sacrificing the lives of thousands of men to carry freedom from want and freedom from fear to all the peoples of the world, why should this administration extend protection or fail to prosecute those who, here in America—to be specific, in Michigan, in Port Huron—are being exploited by the political allies of this administration? What excuse is there for permitting the use of rationed tires and rationed gasoline by those who are insisting that loyalty to the union is more important than loyalty to the Government?

The President of the United States, who is so fond of calling himself Commander in Chief, has ordered our civilians to work and produce. Now comes the union organizers who add a proviso to that order, which is that citizens shall work and produce when, and only when, they become members of a union.

If the President expects the respect, the wholehearted support of the civilian population, he must play fair; he must treat with justice those who have obeyed his order.

Not long ago the President appealed to the coal miners to return to work. Fifteen Peoria, Ill., coal miners went back to work on May 3, in answer to the President's demand. On June 4, those 15 miners were called upon by their local union to face the union's executive board and to answer for their disobedience to the union's order to strike.

As was asked from the well of the House on March 22, Who is the big boss? In time of war the President called upon those miners to dig coal. They dug coal, and now they are being prosecuted by their union for obeying the President's order, for refusing to obey the strike order of the union.

Are the people of Port Huron to be protected? Are those who in Port Huron and surrounding territory are producing milk to be protected in their efforts to deliver that milk? Are grocery stores engaged in distributing food to have their supplies of food cut off, food which comes in through interstate commerce, by striking teamsters of the A. F. of L.?

As Mr. Albers suggested to the Small Business Committee, if this administration does not straighten out the lawlessness which it is protecting by its refusal to act, there will be the formation and the unlawful activities of mobs.

Am I preaching violence? No, not by any means, for I abhor violence. I am merely anticipating the natural result of exploitation, extortion, racketeering, and violence.

Already in Los Angeles, the zoot-suit-wearing violators of the law, the insulters of soldiers and sailors and of their sweethearts, have learned what the anger of those in the armed forces means. We have had violence. Strange as it may seem, the military authorities have declared Los Angeles closed to the members of the armed forces. The obvious, the just, reaction to the practices of zoot-suiters would have been to punish them for their unlawfulness. Had a firm, just procedure been adopted in the beginning there would have been no need to bar Los Angeles to the armed services. Apparently we, in this country, must make a choice between lawless violence, unjustifiable assaults upon the constitutional rights of our citizens, and orderly constitutional processes.

The racketeers should be barred from Port Huron, Mich., and the zoot-suiters should be kicked into the jails of Los Angeles. Their constitutional rights should be restored to the people of Port Huron, and the soldiers, sailors, and marines—all those in the armed forces of Uncle Sam—should be allowed into the city of Los Angeles. Those who are going to sacrifice their lives in behalf of their country should not be barred from the streets of any American city. When the fighting men come home those who seek to deprive them and their relatives of the American way of life will meet a just, a swift, and effective retribution.

Unless this administration begins to preserve some of the "four freedoms" here in America, some fighting men may think it their right to do something before they go to preserve the American way while they are gone.

EXTENSION OF REMARKS

Mr. O'KONSKI. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include an article.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[The matter referred to appears in the Appendix.]

PERMISSION TO ADDRESS THE HOUSE

Mr. BENNETT of Michigan. Mr. Speaker, I ask unanimous consent that on tomorrow after the disposition of the business on the Speaker's table and other special orders I may address the House for 20 minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

ORDER OF BUSINESS

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, can the gentleman from Massachusetts [Mr. McCORMACK], the majority leader, inform us of the program for tomorrow and the early part of next week?

Mr. McCORMACK. On tomorrow we plan to take up the conference report on the labor bill, the strike legislation.

Mr. MARTIN of Massachusetts. And that is all that is scheduled for tomorrow?

Mr. McCORMACK. Yes.

On Monday of next week three bills reported out of the Committee on Immigration will be taken up. If any of those bills do not go through on Monday they will not be carried over to Tuesday. Monday has been set aside for the consideration of those three reports.

On Tuesday of next week individual bills on the Private Calendar will be called. I understand there are between 80 and 90 bills and I think there should be a call of the Private Calendar.

On Tuesday the Labor-Social Security bill will be called up and after disposition of that bill the War Agency appropriation bill will be called and then the War Department appropriation bill.

There is also a lend-lease conference report which I understand will be brought up in a few minutes. I understand there is a complete agreement on that.

If that is disposed of now there is a conference report on the Treasury-Post Office appropriation bill still pending.

I am unable to give any information as to what day that will come up, but I will advise the gentleman.

Mr. MARTIN of Massachusetts. The gentleman has given us what we need for the next day or two and I thank him.

EXTENSION OF REMARKS

Mr. MADDEN asked and was given permission to extend his own remarks in the RECORD.

SUPPLEMENTAL APPROPRIATIONS TO CARRY OUT PROVISIONS OF AN ACT TO PROMOTE THE DEFENSE OF THE UNITED STATES

Mr. CANNON of Missouri submitted the following conference report and statement on the bill (H. R. 2753) making supplemental appropriations to carry out the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2753) "making supplemental appropriations to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2 and 3.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: "Restore the matter stricken out by said amendment and at the end of the matter so restored insert "produced in the continental United States"; and the Senate agree to the same.

CLARENCE CANNON,
LOUIS LUDLOW,
EMMET O'NEAL,
LOUIS C. RABAUT,
JOHN TABER,
R. B. WIGGLESWORTH,
W. P. LAMBERTSON,
Managers on the part of the House.

KENNETH MCKELLAR,
CARL HAYDEN,
GERALD P. NYE,
H. C. LODGE, JR.,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2753) making supplemental appropriations to carry out the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and rec-

ommended in the accompanying conference report as to each of such amendments, namely:

No. 1: The House bill contains a provision that none of the funds appropriated therein shall be used for the payment of any subsidy on agricultural products. This matter is stricken out by the Senate. The conference agreement restores the House language and limits the provision to such products produced in the continental United States.

No. 2: Section 3, inserted by the Senate, amends the act of March 25, 1943 (Public Law 18) by increasing from 225,000,000 to 275,000,000 bushels the amount of wheat in governmental control that may be sold for feed purposes. The substance of this section has been incorporated in House Joint Resolution 133 which passed the House of Representatives on June 4 and the Senate on June 8. The conference agreement eliminates the Senate amendment.

No. 3: Corrects a section number in the bill to conform to conference action.

CLARENCE CANNON,
LOUIS LUDLOW,
EMMET O'NEAL,
LOUIS C. RABAUT,
JOHN TABER,
R. B. WIGGLESWORTH,
W. P. LAMBERTSON,
Managers on the part of the House.

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (H. R. 2753) making supplemental appropriations to carry out the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

There was no objection.

Mr. CANNON of Missouri. Mr. Speaker, this conference report is a unanimous report of the managers on the part of the House. There were only three amendments in disagreement.

The Senate struck out the House provision prohibiting the use of any of the money in the bill for the payment of subsidies on agricultural products. The conferees have restored the House language and modified it so that it applies only to agricultural commodities produced in continental United States.

The Senate also added an amendment increasing from 225,000,000 bushels to 275,000,000 bushels the amount of Government wheat that may be sold for feed purposes and the Senate has receded from that amendment. The Senate receded also on the third amendment which was really a technical amendment affecting a section number.

Mr. TABER. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from New York.

Mr. TABER. Mr. Speaker, I see no reason why the House should not immediately agree to this report and send the bill back to the Senate for final action.

Mr. CANNON of Missouri. Mr. Speaker, I agree with the gentleman from New York. The amendments involved relate to matters on which the House has repeatedly expressed itself and the agreement with the managers on the part of the Senate is in accord with the House position. I might say by way of explanation that the amendment relating to wheat was eliminated because the House on June 4 and the Senate on June 8 passed House Joint Resolution No. 133, which accomplishes the same purpose as that proposed by the Senate amendment. It has now gone to the President.

It covers the exact proposition and puts into effect all that the Senate amendment would have accomplished. For that reason the Senate receded.

Mr. TABER. Otherwise we would have been willing to yield to the Senate amendment?

Mr. CANNON of Missouri. We would have yielded but for the fact that the legislation covering the same proposition previously passed obviated any need for further legislation on the subject.

Mr. TABER. Because it is necessary to have this wheat for feed at the present time.

Mr. CANNON of Missouri. Under the legislation already enacted 50,000,000 bushels more of Government wheat may be sold for feed purposes. The conferees of both Houses were in complete concurrence on the need for additional feed in order to provide for maximum food production.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. SUMNERS]?

There was no objection.

Mr. SUMNERS of Texas. Mr. Speaker, I have received a petition from various organizations of the city of Washington interested in a proposed constitutional amendment giving to the citizens of the city of Washington the right to participate in the election of Presidential electors and to have such representatition in the two Houses of Congress as the Congress may agree to. This petition is made by many organizations in Washington, headed by the Citizens' Joint Committee on National Representation for the District of Columbia, of which the grand old man of Washington and America, Theodore W. Noyes, is chairman.

I see no good objection to this proposed constitutional amendment from any angle. To the people who feel that the Federal Government should never surrender the power to govern the District of Columbia this proposed amendment should not be objectionable, because there is no surrender of that power proposed. If the amendment should be adopted and Congress should act under the grant of power conferred, Congress would retain the power to modify or even repeal the whole thing if the governmental arrangement inaugurated should not work. This proposed amendment will be merely an enabling provision granting power to the Congress to give to the American citizens living in the District of Columbia such rights to participate in the National Government as in the judgment of the Congress would not interfere with the Federal interest.

I ask unanimous consent that I may extend my remarks in the RECORD and to include therein this resolution.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. SUMNERS]?

There was no objection.

The petition referred to follows:

To the Congress of the United States:

Your petitioners, the Citizens' Joint Committee on National Representation for the District of Columbia, and the Presidents of its Constituent and Cooperating Organizations, whose names are subscribed below, hereby reaffirm the principles proclaimed by the founders of our Republic that "Taxation without representation is tyranny"; that "Governments derive their just powers from the consent of the governed"; and in order that "Government of the people, by the people and for the people" may become an accomplished fact for all the people of the United States, respectfully represent:

That the over one-half million totally disfranchised and unrepresented citizens of the United States resident in the District of Columbia, obey national laws, outnumber the residents of each of 12 States and pay more national taxes than each of 22 of the States.

That over two decades ago, when they outnumbered only six States, they supplied to the Army and Navy of the United States, a larger number of men than any one of seven of the States, and oversubscribed their quotas of all wartime funds.

That again in the present war for the preservation of the principles of democracy and civilization as against despotism and barbarism thousands of these voteless and unrepresented Americans of the District of Columbia are now by voluntary enrollment and by draft serving in the armed forces of our country.

That these, your fellow Americans, now have no voice in their national Government which requires them to fight, to bleed and, perhaps, to die.

That as a fundamental right they are as justly entitled, as are other Americans, to voting representation in the Congress and among the electors of President and Vice President.

That the only sound reason which can be offered for any departure, in the case of the District of Columbia, from the fundamental American concepts of representative government is for protection of the national interest in the Nation's seat of government and then only to the extent required for such effective protection.

That this protection of the national interest—coupled with recognition of the interest and rights of the people of the District—is provided in our proposed constitutional amendment which confirms in Congress continuing control of District representation so that both the Nation's and the District's interests may always be equitably protected.

We, therefore, respectfully petition the adoption of House Joint Resolution 81 and the identical Senate Joint Resolution 33, which propose an amendment to the Constitution of the United States empowering Congress to grant the above sought relief to the citizens of the United States resident in the District of Columbia.

THE PROPOSED AMENDMENT

"The Congress shall have power to provide that there shall be in the Congress and among the electors of President and Vice President members elected by the people of the District constituting the seat of government of the United States, in such numbers

Mr. McKELLAR. I ask unanimous consent that the Senate now proceed to the consideration of the report. Its consideration will take only a moment, I am sure.

The VICE PRESIDENT. Is there objection to the present consideration of the conference report?

Mr. McNARY. Mr. President, let me inquire to what bill the report has reference.

Mr. McKELLAR. The lend-lease appropriation bill.

M. McNARY. Oh, yes.

The VICE PRESIDENT. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. McKELLAR. Mr. President, I desire to make a brief statement relative to the conference report, if I may be permitted to do so. The House conferees were unwilling to accede to the elimination of the amendment prohibiting the use of lend-lease funds for agricultural subsidies, which was inserted in the appropriation bill on the floor of the House. The Senate conferees have agreed to the restoration of that amendment, although it was their position that subsidy legislation should not be enacted piecemeal.

However, I do not believe that the amendment prohibiting the use of lend-lease funds for the payment of subsidies on agricultural commodities will affect the procurement program of the Lend-Lease Administration. The Senate Appropriations Committee understands that the Lend-Lease Administration does not in fact intend to pay agricultural subsidies, as the committee pointed out in its report. The Lend-Lease Administration does intend to pay the full cost of agricultural products which it purchases, even though under a subsidy program the price to private consumers may be lower as a result of subsidy payments provided by other Government agencies. It is my understanding that that is not precluded by the proposed amendment.

Let me say that the amendment applies only to products produced in the continental United States. The amendment was agreed to, and I hope the Senate will agree to the conference report.

Mr. LODGE. Mr. President, I desire to say a word or two about the conference report. I signed the report on the lend-lease bill because of its very obvious urgency; but in the House there was inserted an amendment about which I have very grave doubts, and I do not want the conference report to be agreed to without having the RECORD show those doubts.

Language was inserted relative to the granting of subsidies. The matter was phrased in such very broad terms, and it was so poorly defined, that it seems to me it is subject to various interpretations. I read the language:

Provided further, That none of the funds appropriated in this act shall be used for the payment of any subsidy on agricultural products produced in the continental United States.

Mr. President, I am very much in sympathy with the broad purpose of the language as it has been stated to me by those who introduced it in the House; but the language used is so vague, it is subject to so many different definitions, and is attached to a bill as to which it could not possibly have any binding or practical effect, that I regard it as a brutum fulmen—a harmless thunderbolt, something which can only defeat its own purpose. So, while, of course, I heartily approve of the appropriation, and while I signed the conference report for that reason, I desire to have the RECORD show that I have doubts about language of that kind.

The VICE PRESIDENT. The question is on agreeing to the report.

The report was agreed to.

THE PETROLEUM SITUATION IN THE MIDDLE WEST—NOTICE OF MEETING

Mr. LA FOLLETTE. Mr. President, in view of the current discussion over gasoline rationing and the possibility of imposing further restrictions upon gasoline consumption in the Middle West, the Senator from Illinois [Mr. LUCAS], the Senator from Michigan [Mr. VANDENBERG], and myself have taken the initiative in asking the Senators from district No. 2, which includes Wisconsin, Michigan, Ohio, Indiana, Illinois, Kentucky, Tennessee, North Dakota, South Dakota, Minnesota, Nebraska, Kansas, Oklahoma, Missouri, and Iowa, to meet on Tuesday, June 15, 1943, at 11 o'clock a. m. in the caucus room of the Senate Office Building. The purpose of the meeting is to obtain information regarding the petroleum situation from representatives of the executive agencies concerned. Secretary Ickes will be present, and representatives of the O. P. A. and O. D. T. have been invited to attend.

I wish to say, Mr. President, that we have selected district No. 2 in order to arrive at some logical basis, although it may not be inclusive. I should like to say that any other Senators from States which they think might be affected, and who might be interested in this situation, will be very welcome if they care to attend the meeting.

Mr. TOBEY. Mr. President, I am intensely interested in the remarks made by the able Senator from Wisconsin in announcing a meeting of representatives of Congress from district No. 2 to discuss the situation relating to gasoline and oil and the forthcoming conference with the Honorable Secretary Ickes, that great liberal, who is now the Secretary of the Interior, and the Fuel Administrator. For only yesterday, 24 hours ago, it was my privilege, as one of the Senators from district No. 1, to sit in the Post Office Committee room of the House Building and examine Mr. Ickes and hear from him a report on the situation. I enjoyed his testimony. He was direct and forthright, as he always is. But out of that meeting came almost no satisfaction of aid or comfort for those of us representing the people of New England and the Atlantic States who are now bearing the burdens imposed upon the people of district No. 1, the Eastern Atlantic States, in the shortage of gasoline and fuel oil. So now we have the announcement by the senior Senator from Wisconsin of the meeting of Members of Congress from district No. 2, the Midwestern States. May I say to my good colleague that I hope that out of that meeting will not only come an examination of Mr. Ickes but, after hearing all the evidence, the Members of Congress from district No. 2 will rise to great heights and say to Mr. Ickes, "The whole is greater than any member, and we of the second district in regard to the oil and fuel situation realize the excessive burdens that have been thrust upon the people of the Eastern Atlantic States and New England, and, in a spirit of camaraderie and of common justice, we ask that pleasure driving be prohibited in our district No. 2, that our coupons be cut down, and that we be put on a parity with our brothers and sisters in the New England and Eastern States. We believe in and ask for equality of sacrifice." At least, then, I will give them a degree, magnum cum laude.

Mr. LA FOLLETTE. Mr. President, the purpose of the meeting is to ascertain what the actual facts are concerning the gasoline situation. I cannot speak for any other Senator, but I can speak for myself by saying that, so far as I am concerned, if the imposition of additional rationing in district No. 2, or any other district, would materially assist the armed forces of the United States or assist in relieving the gasoline and fuel oil shortage in district No. 1, I would be glad to see it undertaken, but I do not wish to see it undertaken simply on the theory that, because of physical difficulties, one district in the United States is compelled to do with less gasoline, all other districts should be compelled to do so just for the fun of it. It is the purpose of this meeting, so far as I am concerned, to ascertain what the facts are, and I can assure the Senator from New Hampshire that the patriotism of the citizens of district No. 1 will not be exceeded by the patriotism of the citizens living in district No. 2.

Mr. TOBEY. Mr. President, I am glad to have listened to the Senator from Wisconsin, and I knew that is what he would say. He always measures up along these greater lines, but, while I am not the seventh son of a seventh son, I have the gift of prescience, and I can promise that, after the conference gets through, the pronouncement can be made, and it can be written on the blackboard, that they undertook to solve the gasoline and oil problem by the algebraic formula X, which is an unknown quantity. [Laughter.]

AGRICULTURAL APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 2481) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1944, and for other purposes.

The PRESIDING OFFICER (Mr. HATCH in the chair). The question is on agreeing to the committee amendment on page 95, line 12.

Mr. GEORGE. Mr. President, last night I gave notice that I wished to be heard on the amendment, and that I intended to speak on it. I am not in

physical condition this morning to enter into a discussion. I merely wish to make a very brief statement on the amendment. Upon inquiry, I find that this amendment, reported by the Senate Appropriations Committee, if approved, would affect only the Regional Agricultural Credit Corporation; that is to say, that no other agency would be affected by the elimination of the committee amendment to section 2. I think, Mr. President, that all of us are familiar with the old R. A. C. C., and with the operations which have been conducted under it. The R. A. C. C. was organized when we were in the very depths of a depression; it was a corporation which came into existence not very long before the Democratic administration came into power, when all the banks of the country were in fact closed. It was intended to provide the means of credit to livestock producers and other types of farmers in the United States, because credit was not then available through the regular credit channels.

Following the R. A. C. C., of course, additional Federal lending agencies were set up. There are some 19 or 20 of them, as we discovered in the investigation which was carried on by the Byrd committee, which are actively engaged in supplying credit to all types of farmers in the United States.

At this time there is no reason for the revival of the R. A. C. C. operations. We have a national income now estimated at from $140,000,000,000 to $142,000,000,000, the highest income in the history of the Nation. There is now on deposit in the banks nearly $90,000,000,000 available for loan. Practically all other Federal lending agencies are in operation, and can meet the needs of those who have not adequate collateral or have not such assets as will justify ordinary commercial loans.

The R. A. C. C. was, in fact, almost a dormant corporation. It was kept alive in order to furnish money to certain particular projects and to certain restricted groups. I have no objection to the R. A. C. C. continuing to function as it has functioned up to this time, so far as all the special projects and special groups are concerned. This amendment would not interfere with that operation. It could not do so, because those groups are very well organized. Loans may be made to them as they have been made in the past, and it would not be necessary to approve the Senate committee amendment in order to permit this Corporation to function as it is now functioning.

It is very well known that the R. A. C. C. has approximately $44,000,000, as I recall. It was partially liquidated. That $44,000,000 is adequate to take care of the special projects and special groups which have been served through this Corporation. In addition, the $44,000,000 may be expanded to the extent of at least $250,000,000 for general loan purposes under the original act creating the Corporation. It is possible that that fund might be expanded beyond $250,000,000, but the Senate can see at a glance that if the R. A. C. C. is to be revived and put back in full operation, it will add at least $250,000,000 to the debt of this Corporation and the R. F. C.

Our debt is high enough; our obligation is already heavy enough; and at this time there is no possible reason for the revival of this Corporation. Bear in mind that the particular projects and special groups such as the apple growers, who were referred to last night by my distinguished friend from Washington [Mr. BONE], can be cared for by the Corporation. I have no doubt that they can be cared for without the language proposed to be stricken out.

Mr. BONE. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. BONE. What sort of machinery would be provided for caring for them as the Senator suggests? This provision forbids the use of any money whatever to pay the expenses of anyone in connection with the servicing and processing of loans.

Mr. GEORGE. How have they been cared for?

Mr. BONE. They have made their loans through the R. A. C. C.

Mr. GEORGE. Through what agent?

Mr. BONE. The R. A. C. C. at present has two agencies left which are functioning, one at Minneapolis and one in Wenatchee. The Wenatchee agent, as I understand, is the man who processes the loans. He is the man on the ground. There is not very much of a staff. I think there is only one man there.

Mr. GEORGE. Let me suggest to the Senator that if he would offer a very simple amendment, I think he might meet the situation.

Mr. BONE. In the event that the Senate should not sustain the committee—and I hope it will not do so—I have an amendment which I think would serve to protect Wenatchee, but I was hopeful that I would not have to tender the amendment. I will read it to the Senator. It is in the form of a proviso:

On page 96, strike out the period at end of line 2 and insert in lieu thereof a colon and the following language: "*Provided, however,* That in any region in which commodity loans were being made on December 1, 1942, under the above-mentioned Emergency Relief and Construction Act of 1932, as amended, such credit program then in effect, shall be continued, and the officers and employees of the Department of Agriculture, or any bureau, office, agency, or service of said department, necessary in the administration of such program in such region, shall be retained, and compensation for their services is hereby specifically authorized."

That would narrow the operation, and filter it down to one or two spots.

Mr. GEORGE. It is broad enough to cover any area in which the R. A. C. C. has been functioning.

Mr. BONE. It would apply to any area in which it was functioning and making loans on December 1, 1942. As I recall, the testimony before the committee was that only two sections were receiving aid on December 1, 1942. There was one office at Minneapolis, and one at Wenatchee. On that date no other section of the country was receiving this loan service. I have hesitated to offer the amendment because I do not want to put myself in the position of cutting out other sections. It would save the Wenatchee section, because on that date loans were being processed and serviced in the Wenatchee area, and I understand out of the Minneapolis office, but nowhere else in the country. If I am in error I hope I will be corrected, but that is my understanding. I presented that view to the committee, and it was not challenged there, so I felt that I was fairly accurate in that assumption.

Mr. GEORGE. I would not have the slightest objection to that, or any similar amendment which would accomplish the purpose.

Mr. BONE. I will say further to my friend from Georgia that I showed this amendment to the Senator from Virginia [Mr. BYRD] yesterday and he told me he would have no objection to it. I have hesitated to offer it, because it would very materially narrow the activity. Nevertheless, I wish to serve the people in Wenatchee. Last year they were loaned $8,000,000, which has been paid back.

Mr. GEORGE. I understand.

Mr. BONE. They are going ahead with their own program if they can be given this little help in the extension of Government credit.

Mr. GEORGE. Mr. President, I have said all I desire to say on this amendment. I simply wish to prevent the expansion or revival of the agency as such throughout the country, because it is wholly unnecessary. It cannot be justified. We are wide open to the charge that we are extravagant, that we do not wish to bring about any economies, that we do not wish to rid the country of any overriding bureau. There can be no possible reason for the revival of this corporation in the wide areas of the country in which it has been dormant for several years.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. GEORGE. I have only a very short time, but I am glad to yield.

Mr. LA FOLLETTE. Let me ask the Senator whether he objects to the so-called nonrecourse loans which are being made for the production of needed war crops?

Mr. GEORGE. Yes; I do. They have occasioned a great deal of difficulty. The bottleneck is not money. The bottleneck is manpower and machinery. The nonrecourse loans, if dropped down into the middle of my home county, for instance, would almost eliminate every bona fide farmer who has put his own money into his farm operation, or made his own arrangements. It is easy to make the arrangement. He cannot compete with it. The nonrecourse borrower can bid for what little labor and machinery is left, but the production of food crops would not be increased. It would be decreased. I am now speaking of the general farming operation. I have no objection to the continuance of this corporation in any area, or with respect to any group which it has continued to serve during the time when it has been dormant in all other parts of the country.

PREPARATION OF HIGH-SCHOOL STUDENTS FOR WARTIME SERVICE—AMENDMENTS

Mr. HAYDEN submitted amendments intended to be proposed by him to the bill (S. 875) to provide for the preparation of high-school students for wartime service, which were ordered to lie on the table and to be printed.

WAR AND THE CONSTITUTION—ADDRESS BY GILBERT H. MONTAGUE

[Mr. AUSTIN asked and obtained leave to have printed in the RECORD an address entitled "War and the Constitution," delivered by Gilbert H. Montague, of the New York Bar, before the New York State Bar Association annual meeting in New York City on January 22, 1943, which appears in the Appendix.]

SKIPPER GILLAN—ARTICLE BY JAY FRANKLIN

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD an article relative to Skipper Gillan, by Jay Franklin, which appears in the Appendix.]

WHAT WE ARE FIGHTING FOR—WAR MESSAGE PUBLISHED BY NASH-KELVINATOR CORPORATION

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD a war message entitled "I Am Not Playing for Marbles," published by the Nash-Kelvinator Corporation, which appears in the Appendix.]

ASSISTANT SECRETARY OF COMMERCE FOR SMALL BUSINESS

Mr. WILEY. Mr. President, I desire to invite the attention of the Senate for a few moments to a bill which is on the calendar. It is Senate bill 883, Calendar No. 279. The bill provides for an Assistant Secretary of Commerce for Small Business. I desire to speak to that bill for a very few moments. The bill was reported unanimously from the Committee on Commerce. It has the approval of Secretary of Commerce Jesse Jones, and has the approval of the big businessmen of the country. It calls for no appropriation. It will create no additional bureau. It will not add to the overhead of government.

How, then, Senators may ask, will this Assistant function?

We have often heard it said that behind every great accomplishment is the lengthening shadow of a great man. Behind every great human effort there is the energy, vitality, and vision of a man or a group of men. All history repeatedly illustrates this truth.

Small business does not want a bureau in Washington which would increase bureaucracy. It does not want an organization with tentacles reaching out into its communities and into its businesses. What it wants is an articulate voice here, someone who understands its language and who recognizes the importance of small business in the economical, social, and political life of the Nation.

What, then, it may be asked, could an Assistant Secretary of Commerce for Small Business accomplish? He could be the liaison man in government, representing the small businessman. He could preach cooperation between small business and big business. He could reach out into the highways and byways of the Nation and utilize groups of small businessmen to the end that there may be cooperation and building for the Nation. There are innumerable chamber of commerce groups and civic association groups. There is the United States Chamber of Commerce which is now studying this problem. The Assistant Secretary of Commerce would cooperate with the C. E. D., known as the Committee for Economic Development.

When the war is over, the Assistant Secretary of Commerce for Small Business could have throughout the Nation a working organization of small businessmen who are not on the pay roll of the Government, but who are interested in maintaining the vitality and the character of their own little business concerns.

These men realize the tremendous job that has to be done in getting the millions who are now engaged in the war service or in war production back into industry and the economic life of the Nation on a peacetime basis. All the men and women thus employed and all those in the armed services must be transferred to civilian production work as soon as possible after the war is won. On this front small business and big business will be collaborating with labor. Through collaboration private enterprise will again demonstrate its vitality, as it has in this war enterprise.

The Committee for Economic Development is not a governmental committee. It is a private, nonpolitical, voluntary, nonprofit group made up exclusively of business men and women headed by Paul Hoffman, president of the Studebaker Corporation. Small business may fit into that group without any trouble, or it can have a committee of its own and collaborate with the C. E. D. group.

The point is that we want for small business someone here in Washington who recognizes the importance of small business to the economic and political life of the Nation. We want someone who will not simply talk but who will see to it that small business obtains recognition.

One of the jobs of C. E. D. is to educate each company, each little business interest in each little community, so that it will start now to do its own post-war planning. The Assistant Secretary of Commerce for Small Business would have no trouble collaborating with this group on that objective.

Small business is concerned with the post-war problem of public works in city, county, State and the Nation and, of course, the Assistant Secretary of Commerce for Small Business could render assistance in that direction and could assist existing business agencies and individual companies.

The initiative of the individual is what built this country, and it is not the purpose of the bill to interfere with such initiative. Rather, if the Assistant Secretary of Commerce is appointed, and the bill provides that he shall be appointed by the President, one of his objective would be to add impetus to the growth, the initiative which has made America great. His purpose would be to interest small business in tackling its own post-war problems.

The Assistant Secretary of Commerce would stay out of politics. He would have no part in politics. His heart and soul would be in the high purpose of strengthening the economy of the Nation.

Small business recognizes that the nation will need more homes, food, radios, autos, clothing, air-conditioning, and a thousand other articles when the war is over. Small business recognizes that there is now a terrific deficit in machinery on the farm and that this deficit will grow greater; and this will also be true in the post-war period when there will be a deficit of machinery for manufacturing to supply the nation's needs. The outside world will need our help and this will call for expanded facilities. There will be new methods of production and new products to manufacture. We will have to build new schools and highways, and we will undoubtedly think in terms of great international highways both in the air and on the land. Small and big business is in that picture.

Small business wants to play its part in these great developments and adventures. There will be huge economic savings by individuals in banks and trust companies to aid in the accomplishment of the job which the nation is called upon to do. With its Assistant Secretary of Commerce, small business would have the cooperation of economists and scientists studying the policies of government and fostering maximum productive employment.

Mr. President, small business is a relative term. It includes nearly everyone except the very large business institutions. The perpetuation of small business means, as one great American said to me, the perpetuation of the American way.

The Department of Commerce estimates that in 1939 there were 2,758,272 small business establishments in the United States. These establishments, consisting of manufacturers, wholesalers, retailers, servicemen, that is, establishments which sell services rather than commodities, such as laundries, barbers, etc., construction men, hotel operators and owners of amusement places, employed 8,364,971 persons.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, a table submitted to the Senate Special Committee to Study Problems of Small Business in December 1941 by the Department of Commerce Bureau of Foreign and Domestic Commerce, showing the position of small business in the national economy, embracing the number of establishments and personnel, output, sales or receipts.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 1.—*Small versus large business, 1939—United States totals for manufacturing, wholesaling, retailing, hotels, amuseme. construction*

Industry or trado	United States totals			Small business [1]			Ratio of small business to United States total		
	Establishments [2]	Personnel [3]	Value of output [4]	Establishments [2]	Personnel [3]	Value of output [4]	Establishments [2]	Personnel [3]	Value of output [4]
Manufacturing	184, 230	7, 886, 567	$56, 843, 025, 000	168, 814	2, 358, 968	$17, 366, 697, 000	91.6	29.9	30.6
Wholesaling	92, 794	912, 548	19, 418, 547, 000	71, 681	355, 731	4, 100, 404, 000	77.2	39.0	21.1
Retailing	1, 770, 355	6, 210, 788	42, 041, 790, 000	1, 614, 310	3, 487, 984	17, 836, 171, 000	91.2	56.2	42.4
Service establishments	646, 028	1, 754, 538	3, 420, 417, 000	637, 585	1, 294, 724	2, 241, 709, 000	98.7	73.8	65.5
Hotels	27, 987	362, 047	863, 155, 000	25, 224	111, 183	229, 163, 000	90.1	30.7	26.5
Construction	215, 056	1, 300, 448	4, 519, 638, 000	200, 307	610, 740	1, 546, 891, 000	93.1	47.0	34.2
Places of amusement	44, 917	257, 200	998, 079, 000	40, 351	145, 641	332, 837, 000	89.8	56.6	33.3
Total	2, 981, 367	18, 684, 136	128, 104, 651, 000	2, 758, 272	8, 364, 971	43, 653, 872, 000	92.5	44.8	34.1

[1] Small business: Manufacturing plants with 100 employees or less; wholesale establishments with less than $200,000 annual net sales volume; retail stores, service establishments, hotels, places of amusement, and construction establishments with annual net sales or receipts of less than $50,000.
[2] Number of establishments.
[3] Proprietors and employees, except for manufacturing which includes just manufacturing employees.
[4] Value of products for manufacturing; net sales of wholesalers and retailers; net receipts of service establishments, hotels, construction, and places of amusement.

Source: Computed from 1939 Censuses of Manufactures and Business.

Mr. WILEY. Mr. President, when Secretary of Commerce Jones appeared before the Senate Commerce Committee on May 27, 1943, in connection with my bill, S. 883, he expressed approval of the measure. He said:

> Small business numerically embraces 9 out of every 10 business establishments. It accounts for over one-third of the dollar value of goods and services. It employs approximately 45 percent of all wage earners.

The statement "45 percent of all wage earners" was confined, of course, to personnel of these specific industries—manufacturing, wholesaling, retailing, service establishments, hotels, construction, and places of amusement.

I understand that the Commerce Department's best estimate for the year 1942–43 was that the total business population would be reduced by about 500,000 individual firms, 300,000 of which would be retail. I am told that that is not an alarming figure, since it does not entirely represent failure of businesses especially induced by the war, but, rather, conversion to the war effort and depletion of stocks resulting in curtailment, in addition to the usual amount of failures or discontinued businesses which in normal times was about 1,000 a day.

Small business has always stood on its own feet, and it will continue to stand on its own feet.

Mr. President, we are living in a changing world. It has been contracted. It has grown much smaller. All of this calls for rational planning. It calls for learning to practice cooperation between all segments of our society—labor and management, small business and big business, Government and the citizen. It calls for more cooperation on the home front as well as on the international front. We are all one—we Americans—and in a sense we are each our brother's keeper.

If we pass this bill it will have a great psychological value. Whether its operations will be successful will depend upon the vision of the man who is appointed. Passage of the bill will notify the small businessmen of America that Congress has at last—at long last—taken cognizance of their situation. It will give the small businessman a shot in the arm and will make him feel that he has someone in Washington who is thinking about him, who is concerned about his affairs—someone to whom he can go or to whom he can write and to whom he can submit his individual problems.

When peace comes all business, big and small, must be ready to do the job that will then be necessary, ready to back up its Government in its effort for international collaboration, ready to take its part in employing those who come back from the service and those who come out of the war plants.

Only by thinking this problem through now can that result be accomplished. What a great job the proposed Assistant Secretary of Commerce for Small Business will have if he will make it great.

Mr. President, I ask unanimous consent to have the bill I have introduced printed in the RECORD at this point.

There being no objection, the bill (S. 883) providing for an Assistant Secretary of Commerce for Small Business was ordered to be printed in the RECORD, as follows:

Be it enacted, etc.,

CONGRESSIONAL FINDINGS AND DECLARATION OF POLICY

SECTION 1. (a) The Congress hereby finds that (1) the existence of American small business as an integral part of the American economic system is essential for the preservation of the system of free competitive enterprise in the Nation, (2) that the continued existence of American small business as a potent factor in the American economy is now challenged and threatened with extinction, and (3) that destruction of American small business burdens and obstructs the free flow of goods in commerce and interferes with the orderly and fair marketing of goods in commerce.

(b) It is hereby declared to be the policy of this act, through the exercise by Congress of its power to regulate commerce between the several States and to create executive offices, to preserve American small business as an integral and essential part of the American economic system, and to preserve the system of free private competitive enterprise in the Nation.

ASSISTANT SECRETARY OF COMMERCE FOR SMALL BUSINESS

SEC. 2. There shall be in the Department of Commerce an Assistant Secretary of Commerce for Small Business. It shall be the province and duty of said Assistant Secretary of Commerce for Small Business to foster, promote, and develop the conduct of commerce, manufacturing, transportation, distribution, and other business facilities and activities in the United States by small business with the end in view of the preservation of small business as an integral component part of the American system of free private competitive enterprise of the Nation. He shall be appointed by the President, with the advice and consent of the Senate. He shall be charged with the supervision and coordination of governmental activities dealing with the small business and small-business problems, and such other duties as shall be assigned to him by the Secretary of Commerce and as may be required by law. There shall be detailed to his office such number of employees of the Department of Commerce as may be authorized by the Secretary of Commerce. The Secretary of Commerce shall make a report to the President, the President of the Senate, and the Speaker of the House of Representatives, each 6 months of the operation of the office of the Assistant Secretary of Commerce for Small Business, including such other information and such comments and recommendations with respect to American small business and small-business problems as he may deem appropriate.

SUPPLEMENTAL LEND-LEASE APPROPRIATIONS FOR DEFENSE AID—CONFERENCE REPORT

Mr. McKELLAR submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2753) making supplemental appropriations to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2 and 3.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment and at the end of the matter so restored insert: "produced in the continental United States"; and the Senate agree to the same.

KENNETH MCKELLAR,
CARL HAYDEN,
GERALD P. NYE,
H. C. LODGE, JR.,
Managers on the part of the Senate.

CLARENCE CANNON,
LOUIS LUDLOW,
EMMETT O'NEAL,
LOUIS C. RABAUT,
JOHN TABER,
R. B. WIGGLESWORTH,
W. P. LAMBERTSON,
Managers on the part of the House.

[PUBLIC LAW 70—78TH CONGRESS]

[CHAPTER 122—1ST SESSION]

[H. R. 2753]

AN ACT

Making supplemental appropriations to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, to enable the President, through such departments or agencies of the Government as he may designate, further to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for each and every purpose incident to or necessary therefor, the following sums for the following respective purposes:

(a) For the procurement, by manufacture or otherwise, of defense articles, information, and services, for the government of any country whose defense the President deems vital to the defense of the United States, and the disposition thereof, including all necessary expenses in connection therewith, as follows:

Vessels, ships, boats, and other watercraft, including the hire or other temporary use thereof, and equipage, supplies, materials, spare parts, and accessories, $1,552,659,000.

Agricultural, industrial, and other commodities and articles, $4,452,623,000.

(b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith, $259,348,000.

(c) For administrative expenses, $8,999,000: *Provided*, That transfers may be made from this appropriation to the consolidated appropriation for "Necessary services and expenses" to the extent necessary to reimburse such appropriation for transfers made pursuant to the Urgent Deficiency Appropriation Act, 1943.

(d) In all, $6,273,629,000, to be available until June 30, 1944.

(e) Each of the foregoing appropriations shall be additional to, and consolidated with, the appropriations for the same purposes, contained in the same respective categories of appropriation in the Defense Aid Supplemental Appropriation Act, 1941, the Defense Aid Supplemental Appropriation Act, 1942, and the Second Defense Aid Supplemental Appropriation Act, 1942, and the appropriations contained in the foregoing Acts, are hereby continued and shall be available until June 30, 1944: *Provided*, That with the exception of the appropriation for "Administrative expenses", not to exceed 20 per centum of any of such consolidated appropriations may be transferred by the President to any other of such consolidated appropriations,

but no such appropriation shall be increased more than 30 per centum thereby: *Provided further*, That notwithstanding the foregoing proviso (1) balances, unobligated as of April 30, 1943, and balances subsequently released from obligation, of appropriations contained in the foregoing Acts for "Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof", may be transferred by the President to and consolidated with the appropriation provided above for "Agricultural, industrial, and other commodities and articles", and (2) balances, unobligated as of April 30, 1943, and balances subsequently released from obligation, of appropriations contained in the foregoing Acts for "Necessary services and expenses" may be transferred by the President to and consolidated with any of the appropriations provided above, except the appropriation for "Administrative expenses".

SEC. 2. Any defense article, information, or service procured from funds appropriated by this Act or prior Acts appropriating funds to the President for the purpose of carrying out the provisions of said Act of March 11, 1941, as amended, shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby: *Provided further*, That none of the funds appropriated in this Act shall be used for the payment of any subsidy on agricultural products produced in the continental United States.

SEC. 3. This Act may be cited as the "Defense Aid Supplemental Appropriation Act, 1943".

Approved June 14, 1943.

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